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ENVIRONMENTAL ASSESSMENT BOARD

VOLUME: XIII

DATE: Wednesday, June 8th, 1988

BEFORE:

M. I. JEFFERY, Q.C., Chairman

E. MARTEL, Member

A. KOVEN, Member

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HEARING ON THE PROPOSAL BY THE MINISTRY OF NATURAL
RESOURCES FOR A CLASS ENVIRONMENTAL ASSESSMENT FOR
TIMBER MANAGEMENT ON CROWN LANDS IN ONTARIO

IN THE MATTER of the Environmental
Assessment Act, R.S.O. 1980, c.140;

- and -

IN THE MATTER of the Class Environmental
Assessment for Timber Management on Crown
Lands in Ontario;

- and -

IN THE MATTER of an Order-in-Council
(O.C. 2449/87) authorizing the
Environmental Assessment Board to
administer a funding program, in
connection with the environmental
assessment hearing with respect to the
Timber Management Class
Environmental Assessment, and to
distribute funds to qualified
participants.

Hearing held at the Ramada Prince Arthur
Hotel, 17 North Cumberland St.
Thunder Bay, Ontario, on Wednesday,
June 8th, 1988, commencing
at 9:30 a.m.

VOLUME XIII

BEFORE:

MR. MICHAEL I. JEFFERY, Q.C.	Chairman
MR. ELIE MARTEL	Member
MRS. ANNE KOVEN	Member

A P P E A R A N C E S

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MR. D. HUNTER	NISHNAWBE-ASKI NATION
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	COUNCIL
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MR. R. LINDGREN)	
MR. P. SANFORD)	KIMBERLY-CLARK OF CANADA
MS. L. NICHOLLS)	LIMITED and SPRUCE FALLS
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MS. B. LLOYD)	

APPEARANCES: (Cont'd)

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MR. J.S. TAYLOR)	ASSOCIATED CHAMBERS OF
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MR. R.L. AXFORD	CANADIAN ASSOCIATION OF
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	COMMERCE
MR. P.D. McCUTCHEON	GEORGE NIXON

APPEARANCES: (Cont'd)

MR. C. BRUNETTA

NORTHWESTERN ONTARIO
TOURISM ASSOCIATION

I N D E X O F P R O C E E D I N G S

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I N D E X O F E X H I B I T S

<u>Exhibit No.</u>	<u>Description</u>	<u>Page No.</u>
58	Document entitled: Baskerville 2289 Audit of Management of Crown Forests of Ontario, 1986, Initiations, Action and Conclusion, by K.A. Armson, dated June 3rd, 1988.	
59	Page 5-27 of the Royal Commission on the Northern Environment (Exhibit 33).	2412
60	Report of the Forest Study Unit of Ontario, Department of Lands and Forests, dated 1967 by J.A. Brodie.	2417
61	The Woodbridge Reed and Associates Report.	2424

1 ---Upon commencing at 9:35 a.m.

2 THE CHAIRMAN: Thank you. Good morning.

3 Ladies and gentlemen, just before we
4 start there are just a couple of brief matters I want
5 to address.

6 The first one is with respect to one of
7 the rooms at the hotel that we had originally arranged
8 through the Ministry of Natural Resources to take as a
9 counsel room for counsel where they could go and relax,
10 watch TV, look at their documents, do anything else
11 that they wanted. It is room 220.

12 What we are proposing is that for the
13 full-time counsel, or the counsel who are present on a
14 more or less regular basis, that Mr. Mander will
15 arrange at the beginning of next week to give each of
16 you a key to that room, so that you can utilize it as
17 sort of a retiring room for counsel, and I apologize
18 for not mentioning this earlier because we have had the
19 use of this room for some time.

20 The second matter that I want to deal with
21 is with respect to what we are going to be talking
22 about tomorrow, the Board's proposal for the handling
23 of evidence-in-chief.

24 One of the concerns raised when we first
25 brought up this matter was the extra cost involved with

1 respect to some of the parties in having to consider
2 filing the witness statements, not only with the Board
3 and the parties receiving full-time correspondence, but
4 also having to place the same in the depositories
5 around the province, and that would necessitate several
6 extra copies of whatever witness statement is being
7 produced.

8 I just want to mention that the Board has
9 received some requests at this point from the public
10 indicating that the witness statement should, in any
11 event, be deposited in the depositories that are
12 receiving the transcripts, and the reason for that is
13 is that there are some people out there that are
14 attending the libraries or the other depository
15 locations, reading the transcripts, and are unable to
16 follow along properly because the transcripts refer, in
17 so many instances, to the witness statements
18 themselves.

19 AndI suppose we could go even one step
20 further and say that the transcripts refer not only to
21 the witness statements, but also to some of the
22 supporting material behind those witness statements.

23 And, once again, the Board, as you know,
24 is concerned about the fact that many parties to this
25 proceeding are not in front of the Board on a regular

1 basis and the only means by which they have of
2 following these proceedings are attending these
3 depositories and reading the transcripts.

4 So that we will have to be considering, -
5 and we can deal with this again tomorrow as part of the
6 other matter - the fact that the witness statements may
7 also have to be placed on depository at these other
8 locations along with the transcripts.

9 It may involve an additional expense with
10 some of the parties; the Board may have to be looking
11 at ways to either assisting those parties in some
12 fashion, or perhaps the proponent may have to consider
13 assisting some of those parties in some fashion, but it
14 seems to the Board that if we are going to provide the
15 means by which parties who cannot be present in Thunder
16 Bay can follow along with these proceedings, we are
17 going to have to look seriously at making sure the
18 appropriate documentation is on depository, not just
19 the transcripts of the evidence taken here.

20 So I wanted to raise that today so that
21 you could give it some consideration when we address
22 the whole issue tomorrow.

23 Is there anything else of a preliminary
24 nature before we continue with Mr. Armson?

25 MR. FREIDIN: I am just wondering, in

1 regard to those comments that the Board has received,
2 has it been from a small number of parties?

3 THE CHAIRMAN: It has been from a small
4 number of parties at this point. I think it is
5 parties - I would have to check with Mr. Mander to find
6 out exactly who has requested them - I am not sure
7 whether it is parties on the party list or members of
8 the public who have not yet come forward to identify
9 themselves and maybe were intending to do so when we
10 start touring the province later in these proceedings;
11 I am not sure.

12 But the point is - and we know it is a
13 problem looking at the transcripts ourselves - when you
14 read the transcripts through, they refer to all kinds
15 of other documentation and, specifically, they refer
16 often to the witness statements, the material in the
17 witness statements themselves, and having the
18 transcript may not be enough for these people to be in
19 a position to participate effectively, so that when it
20 comes their turn, and they want to ask questions, they
21 only have what is in the transcript and they do not
22 have really the source documentation which are the
23 witness statements themselves.

24 MR. FREIDIN: Could I obtain that
25 information from Mr. Mander?

1 THE CHAIRMAN: Yes.

2 MR. FREIDIN: One preliminary matter, Mr.
3 Chairman. I am just wondering whether the Board has
4 had an opportunity to consider whether they can provide
5 any more detail in terms of the schedule for August and
6 September?

7 THE CHAIRMAN: No, actually we have not
8 yet sat down to do that, but why don't we undertake to
9 provide that to you at the first of next week, or the
10 first day. I think we are sitting on Wednesday of next
11 week. We will do that.

12 MR. FREIDIN: Okay.

13 THE CHAIRMAN: Have you, Mr. Freidin,
14 come up with anything definite on the week that we are
15 taking site visits?

16 MR. FREIDIN: I will probably be asking
17 for some time, either this afternoon or tomorrow, or
18 Ms. Murphy could come here and tell you what the status
19 of that particular matter is.

20 THE CHAIRMAN: Okay.

21 Perhaps we can handle that tomorrow as
22 well subsequent to the submissions in the morning on
23 the evidence-in-chief matter.

24 MR. FREIDIN: Okay. Very well.

25 THE CHAIRMAN: Very well.

1 KENNETH A. ARMSON, Resumed

2 CONTINUED CROSS-EXAMINATION BY MR. FREIDIN:

3 Q. Mr. Armson, just a couple of
4 questions which arise from discussions you had with a
5 member of the Board during your evidence.

6 First, the Chairman asked you whether the
7 area of fire was constant, and you indicated that it
8 had quite a -- the area was quite variable from year to
9 year.

10 I am just wondering: Is there any
11 documentation which has been filed with the Board to
12 date which could be referred to which would indicate
13 that variability?

14 A. Yes, there is, Mr. Freidin. And if
15 the Board would look at the document, Statistics 1987--

16 Q. Exhibit 29.

17 A. --and refer to pages 98 and 99. On
18 those pages, the areas in hectares are presented, in
19 terms of a fire record, actually for the totals from
20 1917, but for Crown lands only from 1926 through to
21 1986.

22 Q. Page 98 and 99.

23 So that the Crown area burn-over, the
24 area of Crown land in hectares starts in 1926 and runs
25 up to 1986 in this document?

1 A. That is correct. Further, for the
2 Board's information, although it is only for the year
3 1986, the breakdown of the areas by districts, by
4 Ministry districts, is given on the subsequent pages
5 100 and 101, and the causes of fire on pages 102 and
6 103 for just that one particular year, 1986.

7 THE CHAIRMAN: Thank you.

8 MR. FREIDIN: Q. When you were showing
9 the slide in -- which depicted histograms of, I think,
10 jack pine and perhaps black spruce yesterday, and you
11 were talking about the over-mature part of that
12 particular working group in the province, Mr. Martel
13 asked you whether you were concentrating on the 101 to
14 112 or the 120+ age classes and you responded to him.

15 And I was just wondering, when you did
16 respond to Mr. Martel, were you referring to any
17 particular area when you answered that question?

18 A. Well, the data on the histograms and
19 those, for the Board's information, are in the document
20 The Forest Resources of Ontario, pages 40 and pages
21 41 -- I am sorry, pages 41 and 42 -- 40 and 42, 41 is
22 the poplar .

23 Those data refer to the provincial
24 totals; that is, for the province as a whole, but that
25 similar pattern would be found in many of the

1 management units, not necessarily all but it would be a
2 very similar pattern, particularly in the boreal
3 region.

4 Q. And when you described to Mr. -- or
5 answered to Mr. Martel as to whether in fact those age
6 classes, over-mature age classes were being dealt with
7 in a certain fashion, I don't recall what exactly your
8 answer was.

9 Were you talking about it being dealt
10 with at the provincial level, or were you talking about
11 it being dealt with at the mangement unit level?

12 A. They can only be dealt with at the
13 management unit level because that's where the activity
14 takes place and that's where the individual plans,
15 those are the areas to which they apply.

16 Q. Thank you. So that if we could go
17 back to the history of timber management, Mr. Armson.

18 You were, as you indicated at the
19 closing, almost up to World War II which is somewhere
20 between paragraph 36 and paragraph 37 of the witness
21 statement, and perhaps you can pick up from there and
22 proceed.

23 A. If I might, Mr. Chairman, with your
24 permission, I started with a series of nine points or
25 nine concepts and perhaps, just beginning with 46,

1 briefly indicate to the Board how some of these apply.

2 In terms of the -- is that visible, it is
3 the first point. In terms of the industry development
4 and the market demand and access, obviously in the
5 first part of this century we had the boreal forest
6 being entered upon for essentially the newsprint
7 industry for a new market, and we had associated with
8 that some infrastructure changes and we also had the
9 question of access, not only to the timber, but also,
10 if you like, the avenue by which the products would
11 move out and that was the access by rail.

12 The mechanisms to land use conflict hadn't
13 really -- there was nothing developed. In other words,
14 this is no change from before, during that same period.

15 The question of timber as a public
16 resource was used by government here in a sense to
17 build that infrastructure; the licence holding for
18 large, it put in place the infrastructure based on that
19 public ownership.

20 We saw also the beginnings of professional
21 and technical expertise, but we saw it in a sense being
22 fragmented and hadn't yet been pulled together.

23 We also, at that time, although we had the
24 first provincial inventory in the early 20s and in the
25 report of 1930, we had the beginnings of trying to pull

1 together, if you like, the first data base on which
2 planning could proceed and, of course, the other
3 elements in here, the timing of the trees, we had a
4 sense of large forest, time was not of the essence;
5 the timber, as a finite resource, hadn't really emerged
6 as a concept, but people were still eating into the
7 forest and it was in a sense almost endless, and the
8 understanding of the dynamics of the forest were there,
9 but were not generally understood.

10 So that, Mr. Chairman, brings us through
11 the Depression in terms of the forest industry and,
12 indeed, I guess for most people it was a matter of
13 survival.

14 With World War II and, in particular,
15 immediately following that war, there was a tremendous
16 sense of development and doing things and - I suppose
17 the parlance would be - creating the brave new world,
18 and this -- if you look through the journals and so on,
19 you will see that in forestry this was regarded as an
20 opportunity to, in fact, now bring about forestry
21 practices and forestry in the fullest sense of the
22 word.

23 MR. MARTEL: Can I ask you a question?

24 THE DEPONENT: Yes, Mr. Martel.

25 MR. MARTEL: If the dynamics were not

1 understood, what was happening in other jurisdictions
2 such as Europe; with respect, were they ahead of us and
3 were we not...

4 THE WITNESS: In other jurisdictions,
5 let's take Finland, Sweden, and the two Scandinavian
6 countries that I think are often referred to as
7 being...

8 If you look at the development there.
9 You will see that their forestry practices began to
10 emerge about the same time, the turn of the century,
11 World War I. They had gone through a period of simple
12 exploitation in relation to their industry and in
13 Sweden, for example, one of the major currently forest
14 companies was one that started as a mining company and
15 the wood was cut for smelting, and you referred to the
16 use of white pine, I think, in the Sudbury area
17 earlier, Mr. Martel.

18 And, at that time, they realized the
19 finiteness of their resource and, therefore, they had
20 to do something about it. But keep in mind that the
21 ownership pattern in those countries was considerably
22 different from what it is in Ontario, and essentially
23 Canada as a whole, in that the predominant areas of
24 forest were owned privately, either by farmers or large
25 landowners or, in fact, in many instances by the

1 industry.

2 So there was a different set of, if you
3 like, factors involved in -- but they realized it was
4 finite and if they had to sustain themselves, they had
5 to do something about continuing that flow of forest
6 products.

7 So forestry started there 50 years --
8 well, 80 years ago we will say, 50 to 80 years ago,
9 that's really when it started in those countries.

10 In Germany it had been a little earlier
11 and probably one would say it went back to the mid-19th
12 Century, again, because of the recognition and
13 historically -- I am sorry, I don't want to prolong
14 this, but it is interesting to see how, in the middle
15 ages, what happens was most of those forests were
16 destroyed and they came back into large landholdings
17 and, at that time, there was a considerable amount of
18 conflict and difference of opinion as to the
19 development of those lands that came back and
20 revegetated and, of course, hunters and horsemen often
21 didn't like all of this that was coming up and impeding
22 their progress. Socially, it is quite an interesting
23 period.

24 Does that answer your question, Mr.
25 Martel?

1 In this period, the first -- and largely I
2 think because of the fair body of professional people
3 who had been in the 1920s, who were in government and
4 industry and recognized that the first thing that had
5 to be done was to obtain a better data base, the
6 inventory, and it was for this reason that the --
7 probably in terms of, though there was protection going
8 on and the matter of maintaining appropriate
9 administration of Crown lands and Crown timber, the
10 first major effort following World War II was the
11 establishment of a provincial forest inventory.

12 And this took place over a period of
13 years; it began in the late 1940s and was completed in
14 1959, and that was published as the Forest Resources of
15 Ontario.

16 That gave the first comprehensive
17 documentation at the provincial level, and I would
18 point out to the Board, you will be hearing much about
19 the inventory in Panel 3, but it is the scale at which
20 that was done and at which provincial inventories are
21 done; they are to provide what we would call a global
22 inventory and, therefore, not necessarily the level of
23 detail that would be used in day-to-day activities or
24 indeed planning at the management unit level, except as
25 a first approximation.

1 1947, reflecting again the interest, and a
2 very general interest and concern, was the third Royal
3 Commission on forestry in this province conducted by
4 Major General Howard Kennedy, and it dealt with a wide
5 range of aspects in terms of forestry, not only in
6 terms of Crown forest land, but also private lands and
7 it was concerned with matters such as utilization or
8 improper utilization.

9 I think one of the things that they
10 focused on was also the lack of planting, the lack of
11 concern for many of the elements that we now would take
12 for granted as part of the timber management planning
13 process.

14 I would point out to the Board that at
15 that time there was, in fact, no comprehensive
16 structure or process in relation to management
17 planning. It was not -- although we have had the
18 Pulpwood Conservation Act of 1929, it was not
19 essentially implemented and, even in 1947, there was no
20 legislation other than the Crown Timber Act.

21 It was in that same year of the Royal
22 Commission Report that the new legislation, the Forest
23 Management Act, was brought into being and it, again,
24 did, as did the Pulpwood Conservation Act, reiterate
25 the responsibility, particularly of the large timber

1 companies, for management.

2 But there was -- by the owner, if you
3 will, for Crown land, no guidance that said: you
4 manage the lands, there was no manual, there was
5 nothing to give them guidance and, indeed, what was
6 perhaps even more important was that, in terms of
7 many of the activities of timber management in
8 regeneration, treatment of the areas to result in
9 regeneration, there was literally no experience.

10 There had been logging going on, natural
11 regeneration had occurred, many of the foresters
12 working for the companies had kept -- and the companies
13 did keep records of regeneration from year to year, and
14 it was often the basis for a considerable amount of
15 local experience and we have drawn upon that
16 collectively as a profession over the years, but by and
17 large it didn't permeate through; it was isolated and
18 it was not directed towards, in any structured sense,
19 timber management as we would recognize it today.

20 The legislation did not provide any
21 guidance, and I would suggest to the Board that it was
22 a piece of legislation which had a fine intent, but
23 without the wherewithall to implement it, it was in a
24 sense doomed.

25 In 1948, again, this was recognized and in

1 1948, the first manual for timber management was
2 prepared, a comprehensive one, and the first -- the
3 inventory was still proceeding. I would say that the
4 manual has come but we still haven't got the
5 comprehensive inventory; that didn't come til nearly a
6 decade earlier.

7 The manual was a clear recognition that
8 you have to deal with finite areas of land, specific
9 land areas if you are going to plan for timber
10 management and the inventory. So, again, I emphasize
11 these two elements that were lacking although the
12 intent was already there to do something.

13 MR. FREIDIN: Q. Why was it necessary to
14 have this finite area?

15 A. Because I think, as the Board would
16 appreciate, if you are looking at the inventory you
17 have to make -- plan your strategy and make your plans
18 in relation to the forest that exist on some defined
19 basis here. If you don't have a boundary to it, then
20 you have real difficulty in making the plan or defining
21 the strategy. It's something like saying we should
22 have plans for the cities and don't define what are the
23 areas or confines within which those plans apply.

24 In the late 1940s, and I would say that
25 this was a period in which the Federal Government

1 through, at the time, the Dominion Forestry Service
2 began to take -- they had always carried out research,
3 but they began to, through their professional staff,
4 have greater linkages and communications with the
5 professional -- provincial professional people and
6 there was, at the Federal Government level, a
7 recognition that while the provinces received direct
8 revenues from the forest industry via corporate taxes,
9 the Federal Government was also benefiting and, in many
10 respects, to a considerably larger degree in terms of
11 absolute amounts than the provinces.

12 In 1948, the Canada Forestry Act was the
13 first federal legislation which directly related to the
14 movement of monies from the Federal Government to the
15 provinces and, in fact, the first inventories in many
16 of the provinces of this country were initially funded
17 at this time, and in subsequent years, as a result of
18 that legislation.

19 In Ontario, there was funding to the
20 inventory, but more particularly here there was also
21 the use of federal monies to initiate in the
22 establishment of nurseries in central and northern
23 Ontario.

24 And it was in the period of the 1950s
25 that the nurseries, for example, in Dryden, a very

1 large nursery; the largest provincial nursery in
2 Swastika; nurseries in -- somewhat smaller nurseries in
3 Gogama and Chapleau and Thessalon were established at
4 that time, during the period of the 50s and early 60s.

5 I mention this because currently and, in
6 fact, subsequent to that legislation there have been
7 other pieces of legislation and more particularly and
8 more recently, the Canada Ontario Forest Resources
9 Development Program.

10 Another feature that was important in this
11 period and which resulted in an internal structural
12 change, an organizational change, was that, as I
13 mentioned earlier, reforestation took place in southern
14 Ontario up to this time, timber and the protection,
15 those elements took place in the north that were the
16 survey, but the Division of Timber Management and the
17 Division of Reforestation essentially conducted their
18 activities quite separately although they were within
19 the then Department of Lands & Forests. The one
20 concerned primarily with the south, the other with the
21 north.

22 And in recognition that if the province
23 were to move to implementing timber management on Crown
24 lands, this will require basically the bringing of
25 regeneration expertise to the north. Those two

1 divisions were merged in 1956 into what was called the
2 Division of Forests.

3 That Division of Forests was renamed, I
4 believe it was in 1977, as the Forest Resources group
5 but essentially remained with the similar
6 organizational structure.

7 Q. The two divisions which were merged,
8 are those the ones referred to at paragraph 43?

9 A. That is correct.

10 Q. So what were the names of the two
11 divisions then?

12 A. The two divisions that were merged
13 were the Divisions of Timber Management, which was
14 concerned basically with -- it was concerned with the
15 inventory and with the timber management as it existed
16 at that time in northern Ontario primarily, and the
17 Division of Reforestation which was concerned almost
18 exclusively with nurseries and with the reforestation
19 of areas in southern Ontario and with the private land
20 forestry program.

21 At essentially the same time, in 1957, the
22 foresters of the province who had been through the egis
23 of the Canadian Institute of Forestry and had several
24 provincial sections formed their own association.

25 This was formed as a result of a private

1 members' bill, but it was the initiation really of, at
2 the provincial level, a professional association in
3 which could speak to matters of concern relating to the
4 practice of forestry and, more particularly, concerns
5 respecting the need to initiate timber management and,
6 more particularly, a regeneration scale that was not
7 happening at that time.

8 I mention this, Mr. Chairman, because
9 these elements -- these individual elements, they are
10 all there in some form but it isn't until they, in a
11 sense, begin to coalesce towards a direction that we
12 begin to see the development of timber management
13 moving towards a condition that we have now.

14 In the 1950s -- and I should say as a
15 result of that merger of the two divisions, one of the
16 first actions was for the province and the senior
17 foresters there to initiate a project that was called
18 Project Regeneration. It is not mentioned in the
19 evidence, Mr. Chairman, but I think perhaps it will
20 give you some sense of what was going on.

21 And, at that time, probably the area in
22 North America that was regarded as most ahead in
23 regeneration practices, site preparation, kinds of
24 planting and so on, was the southeastern United States.

25 And in the late 1950s, the province

1 acquired a large -- series of large pieces of
2 equipment, site-preparation equipment that had been
3 developed specifically for site preparation in the
4 southeastern United States in the pine forests, and
5 they were brought up here and, in fact, became part of
6 almost a travelling and demonstrating show as part of
7 this Project Regeneration.

8 And they are many of the earliest
9 examples of regeneration involving site preparation and
10 planning in the province of northern Ontario - you can
11 find that they were carried out at that time in the
12 57/58 period by what was, in effect, almost a
13 travelling road show and it did a great deal to
14 stimulate interest in the foresters in this area.

15 I think, and it might be appropriate, Mr.
16 Chairman, at this time to show you some examples of the
17 kind of early site preparation that was taking place.
18 If I may, there are just a very few slides here, but it
19 will give you some idea of the stage of development
20 that we were in at that time.

21 Q. Mr. Armson, just before you show
22 that, you have indicated that this travelling road show
23 was in the late 50s.

24 Could you comment on the extent of
25 artificial regeneration that had occurred in northern

1 Ontario prior to, say, 1960?

2 A. It was essentially insignificant,
3 although there were two companies that had their own
4 nurseries and on their own area were planting a
5 number -- many hundreds of thousands actually of
6 seedlings. They were the Spruce Falls Power & Paper
7 Company at Kapuskasing and that company developed its
8 first nursery, I believe, about 1950 or '51, somewhere
9 in there, and the Kimberly-Clark Company at Long Lac
10 also developed its nursery at that time.

11 They were the two companies that made
12 some attempt in fact to carry out artificial
13 regeneration. The Ministry at that time, the
14 Department of Land & Forests as it was, had some
15 sporadic planting in the north, essentially on some
16 abandoned old fields and mostly -- in fact, exclusively
17 with planting stock shipped from such nurseries as
18 Midhurst close to Barrie and Orono -- Barrie and the
19 Midhurst nursery.

20 And some of the earliest plantations, for
21 example, just north of Kenora on essentially old fields
22 where stock was shipped by rail from Midhurst at that
23 time. It probably took three or four days for the
24 plants to get there and it is rather remarkable that
25 the survival was as good as it was.

1 There were plantings in the Parry Sound/
2 Muskoka area, again, mostly material shipped by rail
3 and this was stock that was grown in the nursery forces
4 basically for southern Ontario.

5 The first slide I would like to show you
6 is the first Ontario invention for site preparation.
7 This is a picture taken in '60 or 1961, it was taken in
8 this region and shows you first the site preparation
9 tool that was, as I say, born in Ontario, is a boulder
10 with holes drilled through it. To say we were in the
11 stone age, is perhaps too obvious here in our infancy,
12 and that was it in operation.

13 Q. And that picture was -- just for the
14 record, you are going to show us you a series of
15 pictures which are Document 19 to the witness
16 statement.

17 A. I think these pictures clearly
18 evidence the problems and the stage of development that
19 we were, a matter of a sheer 27 or 28 years ago.

20 The number of items here, the boulder as
21 you see is rumbling along over slash, there is a large
22 amount of slash, this is a spruce forest stand that has
23 been -- it isn't doing very much, it is just knocking
24 the slash down, it isn't exposing mineral soil in a way
25 that we often would for planting or for seeding, it is

1 an uncontrolled object and we have come a long way,
2 sir, since that time.

3 Yes, Mr. Martel?

4 MR. MARTEL: The thing about the slash
5 that you are looking at, is that one of the key
6 problems in regeneration, the amount of slash that is
7 left lying around?

8 THE WITNESS: It used to be a much larger
9 problem, it has become much less of a problem although
10 it may exist in certain stands, but - and this may
11 sound a little - the mechanization of harvesting, and
12 particularly some of the methods of whole tree
13 harvesting taken up, reduces the slash, and we also
14 have developed where we deliberately may want slash;
15 that is, at the tops of the crowns with cones, as I
16 indicated yesterday, but we have means of dealing with
17 that slash in terms of organizing it, if you will, on
18 the site or, in fact, of removing it there by such
19 means as prescribed burning where it is not only
20 controlled, but it is conducted to achieve a very end
21 definite purpose.

22 So slash, yes, it is still -- I think
23 that there will always be some element, but we have
24 moved a very long way from what I would call the
25 indiscriminate slash left after harvesting and, as I

1 mentioned later on, this is where if you have two
2 purposes in mind, not only to harvest but to ensure
3 adequate regeneration, then the slash becomes a focal
4 point of concern and you start to look at how you can
5 deal with it.

6 In terms of development, I just showed
7 two pieces of equipment that we currently use,
8 obviously much more modern. This piece of equipment
9 was developed specifically by the - I was going to say
10 Great Lakes Forest Products of Canada - Canadian
11 Pacific Forest Product Company here in this region of
12 Thunder Bay.

13 MR. FREIDIN: Q. That document starts at
14 page 97 of the witness statement.

15 A. And it consists of a hydraulically
16 powered, it is pulled behind a, what you have here --
17 and incidentally this is not perhaps the lightest of
18 slides, Mr. Martel, but you can see the level of slash
19 that is in that cutover which is quite different from
20 the previous one.

21 It has a series of four power heads
22 which, in effect, are cultivators which not only cut
23 through the initial surface of the forest floor, but
24 they mix it - which is what you want in the organic and
25 upper part of the mineral soil - and present, in an

1 organized fashion, a series of four rows as you might
2 in cultivating for beans or anything else.

3 You will notice that the machine operates
4 in an area of boulders, it is designed to do that, it
5 is hydraulically driven, and you notice the skidder,
6 the machine that is pulling it has very wide tires so
7 that there is essentially no compaction, very, if you
8 like, superficial effect on terms of the surface.

9 MR. MARTEL: It doesn't rut.

10 THE WITNESS: That's right.

11 MR. MARTEL: It doesn't make large ruts,
12 does it?

13 THE WITNESS: This machine wouldn't make
14 any ruts in this condition at all.

15 MR. MARTEL: I see.

16 THE WITNESS: And so then you have a
17 series of rows in which either planting or seeding can
18 take place.

19 MR. FREIDIN: Q. Mr. Armson, if I just
20 might, this picture according to the -- or can you tell
21 us when this picture was taken?

22 A. This, I believe, was taken within the
23 last two and a half years, I believe.

24 Q. There is an indication at the back of
25 the witness statement that it was mid-1980s.

1 The first two pictures that you showed
2 with the stones; the one with the boy and the one being
3 pulled by the machine, the witness statement indicates
4 that those were taken in 1961-62.

5 Is that information correct?

6 A. Yes, that's correct.

7 MR. FREIDIN: And, Mr. Martel, the whole
8 issue of harvesting methods and slash left in the bush
9 and when it is and when it isn't, and the percentages
10 of how many harvesting uses the whole tree method as
11 referred to Mr. Armson, and all that line of evidence
12 will be dealt with by the panel that deals with
13 harvesting.

14 THE WITNESS: A second example is a
15 scarifier, again pulled in this case by a skidder,
16 through a cutover in which there has obviously been
17 some period of time, one or two growing seasons, I
18 would suspect two, possibly even three growing seasons
19 since the cutting.

20 You will notice in this -- first of all,
21 the amount of revegetation that has taken place in the
22 cutover, totally independent of anything else that has
23 been exposed, and this is a machine of Swedish design.

24 Much of the equipment designed for the
25 southeastern United States was not appropriate so we

1 tried -- parts of it have been modified but, in fact,
2 what we -- in addition to the types of equipment that
3 have been developed here, some of our equipment is
4 coming from Scandinavia and this is a so-called Brakke
5 cultivator which in fact is pulled along and, in
6 effect, makes scalps.

7 So, again, the principle here is to
8 create a patch of exposed mineral soil that really
9 flops that part of the organic -- the forest floor over
10 and then it skips and moves ahead and puts another
11 patch. And this is quite useful because not only does
12 it get some organization to planting or seeding, but it
13 does not disturb the forest floor nor the vegetation
14 inbetween and it provides for very suitable planting or
15 seeding sites.

16 And this is, therefore, the type of
17 thing, and if you compare it to the shot of the boulder
18 going over, you can see that we have become
19 considerably more sophisticated in both the equipment
20 and the way in which it is used and the conditions.

21 MR. FREIDIN: Q. And the witness
22 statement indicates that picture was taken in 1986; is
23 that correct information?

24 A. That is correct.

25 MR. FREIDIN: And, again, in the panel

1 that deals with renewal, all of the various methods of
2 site preparation and all of the equipment that is used
3 and where it is used and why it is used in certain
4 situations will be the subject matter of fairly
5 extensive evidence.

6 And I perhaps should advise when we deal
7 with - it just goes back to my introduction - when we
8 deal with the harvest in the fashion that I have
9 indicated and when we deal with the next panel with
10 renewal, as I have indicated, not only will there be
11 discussion of what is used and why it is used and how
12 it is used, there will be that Environmental Assessment
13 subject dealt with and that is: What are the potential
14 effects of those activities on the environment and the
15 mitigation and remedying factors.

16 MR. MARTEL: When we visit the sites,
17 will we be shown some of this equipment?

18 MR. FREIDIN: That is certainly our
19 intention that -- and Ms. Murphy will speak to this -
20 but through the site visits, and you will hear tomorrow
21 or today -- I say tomorrow -- that we are contemplating
22 having three site visits: Different places, different
23 times of the years, you know, we have got to have some
24 discussions about exactly what you are going to see.

25 But our intention is that you see

1 everything including, if the Board is interested and
2 everybody agrees that you should see that sort of
3 thing, all this equipment and any other sorts of
4 matters that you want to look at.

5 So that is our intent with the site
6 visits and Ms. Murphy will speak to that tomorrow.

7 THE WITNESS: That completes the slides,
8 Mr. Chairman. I can turn the machine off.

9 If I may, Mr. Chairman, should I proceed?

10 THE CHAIRMAN: Yes, please do.

11 THE WITNESS: Well, with that as an
12 example of the kinds of development that were taking
13 place in the early 60s, particularly the concern with
14 how to prepare areas for planting and the nurseries
15 beginning to bring some of these seedlings forward in
16 this area for planting, the province amended the Crown
17 Timber Act in 1962.

18 There had been considerable concern and
19 expression by members of the professional forestry that
20 these were public lands that, therefore, it wasn't just
21 a question of saying: Why doesn't the industry do
22 something about it, the ownership of the land was in
23 the Crown and, as the owner, it should declare its full
24 responsibility for the regeneration or satisfactory
25 regeneration of these areas, and the industry would

1 then proceed with its activity of harvesting and
2 logging under the requirements of the Crown Timber Act,
3 but the Act itself was amended to make it clear that
4 the responsibility for regeneration was with the Crown
5 and, therefore, with the Ministry.

6 At the same time that there is this
7 active development in terms of regeneration in northern
8 Ontario, there is another aspect going on. The
9 industry up until, I think it would be fair to say,
10 certainly the early 50s, carried out its logging
11 activities for the most part in a very similar way that
12 it had for the past - well, ever since it became
13 established - and I am speaking primarily of the pulp
14 and paper industry, but it would apply to the saw mill
15 industry - the way it had since it became established
16 in the 1920s in other words.

17 That meant the operations were seasonal,
18 that the access to the timber was -- and the movement
19 of the logs, the wood to the mills was largely by water
20 and, therefore, it meant that the kinds of areas and
21 the kinds of forests that were harvested were of a
22 certain type and that there were many areas that, if
23 they could not be reached reasonably by horse and man
24 to get the wood to the river, they were left.

25 And there had been attempts in the 1930s

1 actually to bring mechanization and, particularly the
2 use of tractors and road vehicles, to forestry
3 operations. They were, for the most part, machinery
4 that had been developed for agricultural purposes and
5 were found to be essentially unsuitable, and in the
6 1930s the equipment was, of course, of a much different
7 design.

8 But in the 1950s, spurred probably by a
9 number of factors; competition from the producers in
10 the southeastern United States for the marketplace, in
11 particular for newsprint, increasing labour costs, the
12 fact that the seasonal nature of the operations meant
13 that piles -- large inventories of wood had to be held
14 at the mill - and I think the huge piles of pulpwood
15 that were common in the 50s and even into the early
16 60s, there is a good record of that - so that industry
17 moved towards mechanization and this, in effect, meant
18 road access.

19 It was also about this same time, keeping
20 in mind that the TransCanada Highway was only completed
21 about 1960, that road access in terms of the transport
22 of goods throughout northern Ontario and the nature of
23 the roads became such that they became much more of a
24 factor than they had been before.

25 And I mention this particularly because

1 there had been a lot of concern about specifying areas
2 for forest management or timber management on the basis
3 of watersheds. And at the time, in the 20s and 30s and
4 even into the early 50s, when for many of the major
5 forest companies they were based on a watershed because
6 of the location of the mill, that was a very rational
7 thing to contemplate.

8 But, in fact, in a sense, technology
9 passed that by and by the -- not only the use of
10 railways but roads particularly, the developing of
11 major access for road equipment and vehicles into the
12 forest and the development, at the same time, also of a
13 saw milling industry in a much larger way, so that over
14 time there would be a closer linkage between the use of
15 materials, particularly what we call residual materials
16 for the mill.

17 So that the concept of a single sort of
18 watershed no longer became a viable thing in many
19 peoples' mind and you could see that it was, in fact,
20 something that didn't have finite boundaries because
21 the wood were furnished to a mill, as we would call it,
22 would move in different forms from quite different
23 areas, depending on the markets and circumstances.

24 I mention this because it is this matter
25 of access and the type of access that I think is the

1 focus of attention and that, of course, will be dealt
2 with in a subsequent panel in relation to both the
3 undertaking itself and, of course, the impact on other
4 uses and users.

5 Therefore, the mechanization of
6 harvesting equipment initially, and access, had a then
7 direct effect on the ability to move site-preparation
8 equipment and be able to regenerate areas. And this
9 is -- but the access - and I want to emphasize this, in
10 the 60s, after the Crown Timber Act, the access that
11 was developed by the forest companies was developed in
12 relation to harvesting.

13 So there was -- here we still have that
14 dichotomy between, if you like, the planning of access
15 by a company at that time for harvesting, and what
16 might be the planning for access if you were do both
17 harvesting and regeneration. I will come back to that
18 a little later on.

19 In the mid-60s while the development, and
20 it was - and I speak from some personal opinion here -
21 a very, very exciting time for foresters in the early
22 60s because of this development in terms of
23 regeneration.

24 The Ministry, the Department of Lands &
25 Forests, asked Mr. Brodie - and that was the same

1 gentleman who had been the co-author of the first
2 forest inventory - to undertake a study and he, in
3 1967, produced a report which, in effect, had a number
4 of conclusions, but it emphasized the importance of
5 looking at timber management in a broad sense and in an
6 economic sense, not only in terms of the immediate
7 value of the stick of wood, but in terms of both the
8 social and economic setting in which that activity took
9 place. It also brought together and emphasized the
10 importance of regeneration and the need to develop
11 coherent silvicultural practices related to that.

12 So I think these were important points.
13 It was a document that was probably read almost
14 primarily by foresters, not by the general public, it
15 was a very weighty tome, and I think it again reflected
16 a great deal of professional input rather than what you
17 might think of as broad public participation, although
18 we did hold hearings as part of the study.

19 MR. FREIDIN: Q. Mr. Armson, what do you
20 been mean by coherent silvicultural practices?

21 A. By that I mean that in the initial
22 stages of development, foresters obviously dealt with
23 pieces of land as individual projects, particularly
24 when the planning or the development of regeneration
25 was undertaken by government foresters independent of

1 any relationship to the harvesting, except on Crown
2 units, then it became kind of an individual project; it
3 did not become part of a coherent overall strategy or
4 plan related to the long-term production of wood on a
5 specified area.

6 Q. And at the time of his report, was
7 there a division of responsibility for harvesting and
8 for regeneration?

9 A. Yes, it was a very clear division
10 between the regeneration being the responsibility of
11 the government and the harvesting and the
12 responsibility of the forest industry.

13 Q. And if I could just go back to your
14 comment about access roads being developed and the
15 TransCanada Highway going in around 1960, which is
16 referred to in Paragraph 49 of the witness statement,
17 those access roads which were now being built or
18 constructed by -- for timber purposes, were those roads
19 open or used by people other than the timber companies?

20 A. At that time there was a considerable
21 difference. Certain companies closed their roads,
22 these were private roads; other companies had certain
23 of these roads open and, obviously, the roads where
24 there were on-going operations, those were normally
25 closed.

1 I would say that with the increased
2 access, road access, all-weather access that was being
3 provided by the forestry industry at that time, it did
4 create -- again, we come back to the conflicts of use.
5 There were private roads under the Public Lands Act and
6 the company had the right to gate them and, in fact,
7 keep people out, and it did create a great deal of
8 difficulty in certain areas. And I think it is
9 important point that might be kept in mind because, as
10 you will see when we come to 1980, that was an issue
11 that was resolved very clearly in terms of the forest
12 management agreement holders.

13 I would also add that, I think it would
14 be during the mid to late 60s and early 70s, many of
15 the companies that had formally closed roads, in fact,
16 did open up quite a number of roads to the use of the
17 public. There were legal questions, as you might
18 obviously gather, concerning the responsibility and
19 liability.

20 I think the important thing that came as
21 a result of the Brodie Report, or one of the key
22 important things was that it focused the need, as I
23 say, not only for the coherent silvicultural
24 development but also to, in fact, - in terms of timber
25 management overall - have some very clear strategies or

1 policies developed. And it was the individuals within
2 the Ministry or the Department of Lands & Forests at
3 that time who then moved from that Brodie Report, and
4 in 1972 had developed for government's consideration
5 what is known as the Forest Production Policy, and that
6 policy will be described in some detail in a later
7 panel.

8 And what this did is it set before
9 government a series of options in terms of the amount
10 of wood that should be produced or could be produced by
11 the year 2020 from a regenerated forest. As I say, the
12 details of that will come later, but I just want to
13 provide the linkage there, that the options for the
14 policy were really something that emerged from the --
15 much of the development that went on that related to
16 the Brodie study unit.

17 During this period the Ministry had
18 developed what were called regeneration agreements and
19 in an attempt -- recognizing the problem that lay
20 between planning for regeneration and planning for
21 harvesting and those activities, the Crown Timber Act
22 was amended, I believe, in 1964 to provide for
23 regeneration agreements whereby the Minister would
24 enter into an agreement with a company that they would
25 undertake certain types of regeneration.

1 MRS. KOVEN: Was this the first time that
2 the government had a requirement for that?

3 THE WITNESS: Well, it wasn't a
4 requirement, it was a company could, it opt to enter
5 into an agreement and many of the companies in the
6 forests, companies did.

7 It was a simple contractual arrangement,
8 there was no incentive in effect for the contractor
9 and -- in this case, apart from carrying out the work,
10 there was no incentive to look after the area that was
11 treated, to do anything further. And, in fact, I think
12 it could be summed up as a simple contractual
13 arrangement and really, in many instances, the same
14 kind of arrangements that are carried out with
15 individual contractors, nothing to do with the forest
16 industry as such.

17 It created some difficulties. Often a
18 company would enter into a regeneration agreement and
19 then, as a result of their own priorities, would --
20 let's say it had tractors carrying out site
21 preparation, there was a need, because of weather
22 conditions, to move to another area and extend the road
23 system, so the tractors would -- site-preparation
24 equipment would be left and they would move off. They
25 might return later on, but it became a piecemeal

1 situation.

2 This is not to say that there were not
3 some very good projects undertaken and carried out. I
4 don't want the Board to have the impression that, you
5 know, it was a dreadful disaster or anything like that.
6 Much was done, but it did not provide the key group in
7 industry who were involved in this with anything other
8 than basically a contractual arrangement and often
9 there would be some concern about the costs and prices
10 and so on. In effect, it wasn't a very successful
11 attempt.

12 MR. FREIDIN: Q. In terms of these
13 regeneration agreements, at the time that the Act was
14 amended in approximately 1964, who was responsible for
15 regeneration at that time?

16 A. The Crown was still responsible,
17 there was no delegation of responsibility for
18 regeneration or any other aspect.

19 Q. And if a regeneration agreement like
20 this was entered into, who would be the party that
21 would initiate the discussions which would, in some
22 cases, culminate in a regeneration agreement?

23 A. I believe it would normally be the
24 Ministry staff who would initiate that, although in
25 some instances the company might discuss the

1 possibility.

2 But I believe it was -- my recollection,
3 and I wasn't with the Ministry at that time, but in
4 discussions with both industry and Ministry staff, I
5 believe predominantly it would be Ministry staff.

6 Q. And if an agreement like that
7 agreement wasn't entered into between the Crown who was
8 responsible for regeneration and the company, I assume
9 that the Ministry would have to find some other means
10 of regenerating the area?

11 A. That is correct. The Ministry might
12 then find a private contractor to undertake the same
13 work. It was -- I think again I would reiterate, it
14 was an attempt to bridge two areas of activity, but it
15 of course didn't deal with the planning level; it dealt
16 with merely the activity on a specified area as a
17 single project and not in any sense related to an
18 overall plan of action.

19 Throughout this period, particularly of
20 the early 1970s, many foresters and perhaps others were
21 concerned about the fact of this dichotomy.

22 I think when I was invited to undertake
23 my study in 1975, although it was not specifically
24 identified as something I should look at, that was an
25 item that had been noted -- an item of concern noted to

1 me and I had observed this in my own experience in
2 going around the province. And, of course, it
3 essentially flies in the face of the basic principle of
4 the practice of forestry.

5 As I mentioned earlier, harvesting,
6 regeneration and the subsequent activities that are
7 concerned with maintaining and tending and protecting
8 that crop are all part and parcel of forestry, and if
9 you artificially divide those activities in terms --
10 particularly of the planning process and the
11 responsibilities then, in fact, you have created a
12 division within what we would consider an essential
13 body of knowledge, expertise and practice.

14 It was as a result of the study and one
15 or two recommendations in my report that both the
16 industry -- part of the industry and within government
17 there was an expression to do something to bring those
18 two elements together, and in Paragraph 54 I have noted
19 that report in 1976, what followed then was a series of
20 meetings, a submission by one of the industry
21 associations to the Minister of the day and, as I say,
22 subsequently my involvement in becoming an active part
23 of the negotiations in 1978 and 1979 culminating in the
24 amendment to the Crown Timber Act in December, 1979.

25 The essence -- what we tried to do in

1 that agreement - and I believe I mentioned earlier to
2 the Board, but I think it is important item - one of
3 the lessons that I think we had learned was that
4 legislation in and of itself doesn't necessarily bring
5 about management of a resource, and that those who were
6 primarily involved in the activities relating to the
7 management of that resource and in terms of timber
8 management - that is obviously the forest industry - if
9 they are going to accept responsibilities, even though
10 they are not the landowners, for that full management
11 have to become involved in the, if you will, the early
12 stages of developing: What is the process, what are
13 the setting of criteria, what are the guidelines and so
14 on that should be involved.

15 And the agreement, therefore, was
16 developed right from the very first with the
17 involvement of industry -- senior industry staff. It
18 was at the outset made clear that there would be public
19 involvement in the planning process. It was made clear
20 that the public - and this was embodied in the
21 agreement, in a paragraph in the agreement - that the
22 public would have access on the roads that were built
23 for both -- particularly primary and secondary roads
24 for other uses. And the roads that were put in place
25 on the forest management agreement areas, the control

1 of the access would be that of the district manager of
2 the Ministry of Natural Resources.

3 So there are two elements here that were
4 an involvement of the industry very much up-front in
5 the agreement long before any legislation was drafted,
6 and the recognition of public access, the right of
7 public access and the right of other users to the area.

8 The process was to develop, first the
9 agreement with the principals, to ensure that embodied
10 in that agreement and, as a part of that, that there
11 would be a statement called the ground rules which
12 would specify for each five-year period of the
13 agreement the particulars as to silvicultural
14 practices, now not as a series of projects but as a
15 coherent statement of what would be done in terms of
16 harvesting, what would be done in terms of
17 regeneration, what would be the standards of
18 accomplishment for the regeneration, what types of
19 forest stands to which the prescriptions would apply,
20 and what type of forest was the objective in conducting
21 those operations.

22 The tenure of the agreements was, I
23 believe, one of the first arrangements in terms of
24 timber management in Canada whereby the agreement was
25 for a 20-year term, but if the obligations were met

1 each five-year period, the agreement would be extended,
2 not a question of renewal but extension. So this gave
3 to the industry a sense, if you like, security of
4 tenure.

5 So it had -- the agreement had embodied
6 the principles, it embodied incentives - and I won't go
7 into the agreement in detail unless the Board wishes to
8 discuss it - but I think I will just point out that the
9 agreement was the same, the principles were the same
10 for all agreement holders, and ground rules entailed an
11 obligation to treat lands that were found to be not
12 properly regenerated, and that was jointly carried out
13 by the industry -- surveyed by the industry and the
14 government.

15 And, following that, we also developed a
16 manual which has been referred to by Mr. Freidin, the
17 Forest Management Manual, so that the actual forester
18 within each company and the forester designated within
19 the Ministry for each forest management agreement area
20 would have a set of very firm guidelines covering all
21 aspects, not only from the documentation, but how
22 matters should be dealt with.

23 It was then that essentially that led to
24 the amendment to the Crown Timber Act that was drafted.

25 THE CHAIRMAN: Mr. Armson, I am sure you

1 are going to get into this or some other panel will at
2 a later time but, in the event that the companies did
3 not live up to their obligations under the forest
4 management agreements, were those agreements tied in to
5 the timber licences themselves?

6 In other words, if they failed to comply
7 with their undertaking to regenerate or properly
8 conserve, or whatever else is dealt with in the
9 agreement itself, and the Ministry was -- or the Crown
10 was of the view that they were not complying, what kind
11 of penalty, other than just not renewing or extending,
12 as you indicated the agreement, was there in the these
13 agreements; how could you force them into complying?

14 THE WITNESS: Well, first of all, the
15 agreement itself, at the time of execution of each
16 agreement, the company - and these agreements applied
17 essentially to what had been licensed areas - the
18 company surrendered their licence.

19 The agreement then -- and in the
20 amendment of the legislation, the agreement then stood
21 in the stead of a licence, it was in fact a form of
22 licence but it was defined as standing in the stead of
23 what had been previous licences.

24 And the defaults now coming to -- that
25 might occur in terms of the obligations, the Minister

1 had certain things that he might do. He could
2 terminate the agreement period; that would mean that
3 the company had no licence and no right to timber.
4 That would obviously be for a very serious default that
5 the Minister considered could not be remedied. So the
6 termination of, in effect, their licence.

7 That would be a pretty draconian measure
8 since the companies who, in the normal process, was a
9 company to ask to enter into an agreement. Well, if
10 you are asking to enter into a series of obligations,
11 normally I don't think you would expect that someone
12 would...

13 THE CHAIRMAN: Has that ever happened?

14 THE WITNESS: No, it has not happened.

15 The more usual circumstance - and this is what was
16 anticipated - was that a company under an agreement
17 would be in default of some of -- of certain of the
18 obligations, not obligations that in fact in any way
19 sort of created a condition that the Minister might
20 terminate, but they were defaults that could be
21 remedied over some period of time by the agreement
22 holder, and the agreement carried a paragraph which, in
23 fact, said that at the time of each five-year review -
24 and that was one of the elements of the agreement - at
25 the time of each review, the Minister could specify

1 defaults and then require the agreement holder to
2 remedy these results by whatever means and over some
3 time period.

4 When that default was specified and the
5 time period for remedy was indicated to the agreement
6 holder, the agreement then had whatever time was left.
7 For example, if the agreement was initiated for 20
8 years, five-year review, and the Minister were to say:
9 You are in default of this and I give you two years or
10 three years to remedy that condition, then the
11 agreement would go from a 15-year agreement at the time
12 of the five-year review to a 14, to a 13, and then at
13 time that the default would be reviewed as to had it
14 been remedied or not, then a decision would be taken.

15 So, in other words, it wound down but it
16 wound down over a specified -- it would wind down. If
17 the default was corrected, then of course it would be
18 then moved five years further. So that was the way it
19 was.

20 THE CHAIRMAN: Has that ever occurred?

21 THE WITNESS: There have been defaults
22 specified in one company in the second five-year review
23 had to remedy that default actually within a year.

24 THE CHAIRMAN: And I guess you have never
25 had a situation where the Minister specified

1 rectification within a time period and it was not
2 rectified?

3 THE WITNESS: No, I don't -- there have
4 been three five-year reviews and I am only aware of the
5 one in the second five-year review where defaults were
6 specified.

7 MR. MARTIN: But isn't part of the
8 agreement, there are financial considerations.

9 When you enter into an agreement, as I
10 understand it, companies, if they do certain work, for
11 example, they agree on access for reforestation, that
12 there are monies that flow back and forth for the
13 amount of work and that becomes a kind of un incentive
14 for the company to do what it agreed to do in the
15 original agreement, otherwise the flow of funds might
16 be not as forthcoming.

17 THE WITNESS: Well, let me go to the flow
18 of funds, it is an important point.

19 In the negotiations, the payments that
20 would be made to an agreement holder were set up front
21 and were not as non-negotiable items.

22 The first set of payments referred to
23 those for regeneration activities, regeneration in
24 certain of the maintenance operations in the earlier
25 stages, and on the principle that the Crown -- these

1 were public lands, and, therefore, the Crown was acting
2 on behalf of the owners.

3 It was specified that the payments that
4 would be made to the agreement holders would be those
5 monies that the Crown was currently paying at that
6 time, the initiation of the agreement, for work either
7 on that land prior to the agreement or on adjacent
8 Crown management units.

9 In other words, the level -- it was
10 considered the first principle was that the owner was
11 the public and the government administering those
12 lands, and that whatever it cost us to do it on those
13 lands, that that is all that would be paid to the
14 agreement holder.

15 And keeping in mind that these lands --
16 even if the company were to go into bankruptcy and
17 disappear, the results of efforts were still there and
18 still belonged to the Crown, there was no change in the
19 vested rights, if you will.

20 There was a clause in the agreement that
21 then dealt with how those payments would change over
22 time in relation to inflation rates and so on. And, in
23 fact, that the setting of those rates - I am still
24 referring to the payments for silvicultural treatment,
25 primarily regenerate -- would be reset at each

1 five-year review and they would be reset in relation to
2 the existing Crown payments on their own similar land
3 and for similar types of activity.

4 So that was the way it was built in. The
5 inflation rate --

6 MR. MARTEL: If you didn't do the work
7 you didn't get the money?

8 THE WITNESS: Oh, if you didn't do the
9 work you didn't get the money, certainly.

10 MR. MARTEL: And the next five-year
11 agreement would become a -- I mean, if the company is
12 going to plan for the long-term themselves for their
13 own benefit--

14 THE WITNESS: Yes.

15 MR. MARTEL: --they would have to do that
16 work or they wouldn't have the money to do the
17 reforestation and, consequently, down the road couldn't
18 come back and use that facility on a later date.

19 THE WITNESS: The planning and the
20 approval for the activities for which payments would be
21 made are part of the planning process, and then the
22 company would submit the invoices and this is the way
23 it would work.

24 So that at the end of five years, for
25 example, Mr. Martel, certain areas that would have been

1 treated - and it was up to the Ministry to ensure that
2 those areas were treated, and that's why the signing of
3 the invoices became an important part of the process,
4 so there was an accountability through the process.

5 THE CHAIRMAN: So they did not get the
6 money until they did the work?

7 THE WITNESS: That's correct.

8 THE CHAIRMAN: It was allotted at the
9 outset at a certain time.

10 THE WITNESS: That's right. The
11 company -- agreement holders submit their plans - and
12 now I am reading it directly - for what is to be done
13 so that the Ministry could then budget ahead for that;
14 yes, that is correct.

15 THE CHAIRMAN: Payment did not occur
16 until the actual work was done and the invoices were
17 submitted and approved and --

18 THE WITNESS: That's correct.

19 MRS. KOVEN: When was the concept
20 developed that the agreement holders shouldn't have to
21 pay for silvicultural practices that the Ministry
22 wished to have undertaken?

23 THE WITNESS: Oh, very early up. I would
24 say in preliminary discussions that I was involved with
25 in 1977, although it wasn't with the Ministry -- the

1 question of who has the basic responsibility for the,
2 if you like, the initial regeneration and establishment
3 of the new forest and the answer came back the owner.

4 MRS. KOVEN: The answer came back through
5 the government?

6 THE WITNESS: Well, in the discussions,
7 that was the decision, yes. And it was a pretty basic
8 principle. And then the question came up: At what
9 cost and for what activities. And the conclusion was
10 that for initial establishment of regeneration,
11 whatever that might entail, and the looking after that
12 to this period when the stand might be considered to be
13 established and ready to enter, hopefully in the period
14 of the growing stock, and that the payments would be
15 what it would cost the Ministry to do that same work in
16 similar areas, adjacent areas. That was the principle
17 that was established.

18 With respect to roads, the payments for
19 roads were a recognition, if you will, that some
20 payment would be made by the landowner, again to ensure
21 that there was all-weather access in relation to the
22 overall objectives of management, and that that access
23 would be of a sort that would benefit, if you like, the
24 planning for both regeneration and for harvesting and
25 it would be, as I say earlier, an access for public and

1 for other users.

2 I perhaps might elaborate a little bit on
3 this. One of the conditions that was on-going through
4 the 60s, and particularly into the early 70s, was a
5 situation where a company might have all weather-roads
6 and then decide that areas that were to be harvested -
7 and this is according to cutting plans - that they
8 would harvest those areas in the winter time and,
9 therefore, there wouldn't be the need to build access,
10 that in the next spring or summer when you wanted to
11 put field site-preparation equipment in, transport
12 trees and planters, in fact, you wouldn't be able to do
13 it very readily.

14 So the recognition was that there is an
15 area where perhaps a secondary all-weather road should
16 have been put in so that it would facilitate not only
17 the harvesting, but so that they occur on other than
18 just the winter season, but it would then ensure that
19 the regeneration of that area and the subsequent
20 looking after of that area could go on too.

21 So the principle there was to get a
22 better planning of all-weather access for particularly
23 regeneration and subsequent silvicultural activity. It
24 also meant that areas would be available and accessible
25 that otherwise wouldn't, and it also -- the payment was

1 there with the recognition - and I referred to the
2 matter that on many areas we have an excess of old
3 timber, and if you were going to do anything with that
4 timber before it deteriorates, one of the principles
5 was to try and get at that timber.

6 And so the payment that was paid for made
7 for road construction, embodied those elements as a
8 rationale to improve the effectiveness of regeneration
9 and the ability to get to areas, to provide access
10 generally, but also to get to areas of the forest that
11 would otherwise probably wouldn't be accessed.

12 THE CHAIRMAN: Well, was the underlying
13 rationale essentially that you are dealing with Crown
14 lands and the Crown decided that these roads should be
15 open to the public as well--

16 THE WITNESS: That's correct.

17 THE CHAIRMAN: --for other uses other
18 than just forestry uses and, therefore, in light of the
19 ownership of the lands, they made the payments to the
20 companies to construct these roads but also insisted
21 that the companies keep them open for other uses?

22 THE WITNESS: Yes, that was part of the
23 terms of agreement. I would point out, Mr. Chairman,
24 that many of companies did have open roads, many of the
25 roads were open even at this time and it is not that

1 all the roads were closed at this time, it wouldn't
2 sort of magically open more. There was still some
3 closed roads but very few at that time in the mid-70s.

4 THE CHAIRMAN: And does the Crown bear
5 the legal responsibility if an accident occurs on those
6 roads or things like that?

7 THE WITNESS: I can't answer that, Mr.
8 Chairman.

9 MR. FREIDIN: I am not in a position to
10 answer that right at the moment either.

11 MRS. KOVEN: Is it practical not to have
12 any involvement by the Ministry of Highways or
13 Transporation? It would seem to me that that would be
14 cost-effective, rather than giving money to the
15 companies to fulfill and maintain the roads.

16 THE WITNESS: Well, the types of roads
17 that are built - and the Board presumably in its field
18 visitations will see many of these - are built to
19 certain standards.

20 In the forest management agreements,
21 considering that the companies are involved often with
22 80-ton at least load vehicles, their concern was for
23 effectiveness and safety in terms of the roads and many
24 of the companies have their own standard and we
25 accepted the company standards for road.

1 With respect to the Ministry of
2 Transportation, I am not aware that they have -- they
3 can participate at the time of the annual five-year
4 planning process for each one of these areas, and there
5 had been discussions perhaps at the local level. I am
6 not aware of any discussions, Mrs. Koven, of that
7 nature.

8 MR. MARTEL: Could T & C have gotten
9 involved with it because they have established criteria
10 for the province where they provide funding only when
11 the road reaches a certain level, and if they were to
12 throw it open that they got involved in forest access
13 roads, they would have to change the level and they
14 would be into a real kettle of fish, wouldn't they,
15 with local boards, local services boards which have to
16 reach a certain level before government funding can in
17 fact be obtained by them?

18 That would create a serious problem,
19 would it not?

20 THE WITNESS: I can't speak to that, Mr.
21 Martel. There is a panel which will be dealing with
22 access, but I can't really speak to the matter of the
23 involvement of the Ministry of Transportation or the
24 specific relationship there.

25 MR. FREIDIN: It is becoming quite

1 apparent that a lot of what this FMA agreement deals
2 with is going to be dealt with in other panels.

3 Now, with the way things are developing,
4 I am wishing that I had perhaps provided the Board with
5 a sample agreement and gone through it, and I apologize
6 for not anticipating this area.

7 I will just mention, that a question that
8 Mr. Martel did address in terms of roads and the legal
9 basis for roads and that sort of thing will be dealt
10 with in a panel that deals with access.

11 And as in terms of the invoice
12 verification and whether companies get paid monies
13 before they do the work or when do they get paid money,
14 that's going to be dealt with in a panel, Panel 16,
15 which deals with monitoring.

16 I think everything that the Board has
17 asked a question about comes up in one panel or
18 another, and again...

19 THE CHAIRMAN: Okay. Well, why don't we
20 just let Mr. Armson go on.

21 Some of these questions just sort of pop
22 into our mind as you were mentioning the agreements
23 because I do not think the Board is all that familiar
24 with these forest management agreements in that
25 respect.

1 MR. FREIDIN: We didn't expect the Board
2 would be, and I think it is helpful to everybody to
3 have the questions come out at this time to make sure
4 that we will deal with those areas if we weren't
5 planning to.

6 THE CHAIRMAN: Very well.

7 THE WITNESS: Thank you, Mr. Chairman.

8 THE CHAIRMAN: Actually, at this point
9 maybe we should take a break, it is about that time,
10 before you start in on something else.

11 The Board will rise for 20 minutes.

12 ---Recess at 11:00 a.m.

13 ---Upon resuming at 11:25 a.m.

14 THE CHAIRMAN: Thank you. Be seated,
15 please.

16 MR. FREIDIN: Q. Mr. Armson, because of
17 the interest in the subject matter of FMA has arisen,
18 notwithstanding that later evidence panels will be
19 dealing with matters such as monitoring of activities
20 carried out by FMA holders and others, et cetera, I am
21 wondering whether you could reiterate the concepts and
22 the principles of the FMA agreements?

23 A. Yes. I guess the basic principle is
24 the fact that these are public lands, they are
25 administered by the Ministry on behalf of the Crown and

1 the public and that, therefore, there is a
2 responsibility by the Crown and the owners to ensure
3 the appropriate regeneration of the forest after it has
4 been depleted by whatever means. This is the basic.

5 And in the agreement is recognized that
6 that renewal process or regeneration process, and
7 including certain activities of maintenance or tending,
8 which the Board will be hearing about later on; that
9 is, to the survival and early initial growth to the
10 point where he can say a new forest is established, we
11 have a criteria for assessing that. That was I think
12 the first principle.

13 The second principle was that the forest
14 industry, as the group within the province that was
15 engaged in harvesting and the group that essentially
16 had a long-term commitment and concern for continuity
17 of raw material supplied to the mills and the
18 commitment, I think, could be identified as the
19 investment in the planting of facilities, they are
20 large investments in many cases, over many years and
21 the history of particularly the pulp paper, but also
22 the saw mill industry in many instances reflects that.

23 So they had a vital concern and, in fact,
24 position on the harvesting of Crown lands since that
25 was the first activity normally for timber management,

1 apart from the things such as inventory and so on, that
2 was the first real -- and that increasingly has meant
3 access. And that where the planning for harvesting
4 including access was partitioned so it did not include
5 a full range of activities, harvesting and so on, then
6 difficulties and inevitably problems would arise in
7 terms of efficient location or location that satisfied
8 more than one purpose.

9 So really in very simple terms the FMAs
10 were a mechanism whereby the owner on one hand, in this
11 case, the industry on the other, were able to bring
12 together the planning and the carrying out of
13 activities to which harvesting and regeneration became
14 integrated.

15 The undertaking of those activities, both
16 harvesting and the regeneration and subsequent
17 activities including access, the planning of the
18 approval process, and the planning was carried out by
19 the agreement holder, but the plans were subject to the
20 planning process and the approval of the Ministry of
21 Natural Resources. Those were two, I think, key
22 principles.

23 The payments that were referred to
24 earlier were made, therefore, recognizing the first
25 principle in terms of regeneration payments. The

1 payments for roads - and I think here there may be some
2 confusion or misunderstanding, it was never the intent
3 by the levels of payments to pay, first of all, the
4 full cost of roads nor to pay for all roads
5 necessarily.

6 The roads that would be -- first of all,
7 the roads that are planned by an agreement holder over
8 the first five-year period are identified according to
9 the planning procedures and so on. The payments that
10 are made for those roads on a per kilometre basis would
11 be made in relation to the approved road plan, but
12 would not necessarily, and indeed for the most part, do
13 not cover all the roads that are constructed and these
14 would all be constructed to the specifications as
15 outlined in the agreement.

16 The payment - I can't just offhand
17 recollect the immediate payments that have been changed
18 through the years - but initially in negotiation, the
19 payments that were set on the table and non-negotiated
20 were \$50,000 for primary roads. Those were two
21 dual-lane, all-weather roads; and for secondary roads,
22 essentially single-lane with variation of weather roads
23 was \$25,000 a mile, and there was an annual maintenance
24 payment for those roads that were maintained - this
25 wasn't for all the road system - I believe \$500 a mile

1 at that time. That was later converted into payment.

2 Those have not basically applied. I
3 think if you were to look at right now to any of the
4 FMAs I can't attest to this but we could ascertain
5 this. Certainly, they don't include for the province
6 all the roads built to specifications and built --
7 given approval.

8 The planning and the carrying out of
9 activities in relation to planning, all those
10 activities are the responsibility of the agreement
11 holder and they are carried out entirely at their own
12 expense. There is no other payments that are made for
13 all of the other aspects of the timber management
14 planning process.

15 Within the agreement - I didn't mention
16 this Mr. Chairman, I didn't know how much detail you
17 wanted to get into - there was an incentive provided
18 and is still provided in the agreement whereby if an
19 agreement holder invests their own money in
20 accelerating the growth of existing forest stands,
21 whether they be stands that are naturally occurring or
22 stands that have been established subsequent to the
23 agreement, where that increase in growth is documented
24 according to a set procedure, the company can apply,
25 having documented that increase in growth, to have that

1 increase in growth assessed in terms of stumpage levels
2 at one-tenth of whatever the going stumpage rate is.
3 And that was regarded as an incentive to, in fact,
4 carry out further maintenance or activities.

5 And, Mr. Martel, you were asking about
6 how you would accelerate growth in existing stands, if
7 I recollect yesterday, and certain kinds of treatments
8 that I described, for example, fertilization or
9 pre-commercial thinning, some of those activities,
10 particularly the latter - I don't know think the
11 former - have been undertaken by some of the companies
12 to a limited degree.

13 Obviously, the amount of growth and the
14 increase in growth won't become significant until some
15 years down the road. So that, again, is a kind of an
16 incentive, but it also implies a commitment to doing
17 things and measuring it, which has to be undertaken.

18 Q. You mentioned in describing the
19 concepts of principles that planning and activities
20 were integrated.

21 I am just wondering whether you could --
22 I know you mentioned that before, but could you
23 indicate exactly what you mean by planning and
24 activities be integrated?

25 A. Well, I gave the Board one example

1 which related to a seasonal access that, in fact, was
2 one that could be remedied by having that. Maybe
3 another example - and maybe to some degree more
4 common - would be where, for example, a harvesting
5 system is used for by a company when it only has the
6 responsibility for harvesting which, in fact, is a
7 system which leaves the tops of the trees on the
8 ground.

9 And, Mr. Martel, you were asking about
10 slash, and we indicated that that often can be a major
11 deterrent or detriment in carrying out site preparation
12 in subsequent regeneration activities.

13 We have noted, and there are many
14 examples of this, where companies with forest
15 management agreements have, in fact, changed their
16 harvesting systems and this may involve a considerable
17 expenditure in terms of capital investment in new types
18 of machinery whereby the tree - and I think I used the
19 word whole tree - but the full tree logging system
20 would remove the trees above the stump and the tops to
21 a roadside processing situation and that would, in
22 fact, reduce the slash.

23 Now, that is one of the ways in which a
24 company may in fact integrate in its planning, change
25 its logging system to in fact perhaps -- I don't know,

1 it might be, certainly there is a large capital
2 investment for equipment - but it would then, in fact,
3 benefit from having more efficient site preparation and
4 regeneration.

5 Q. You have mentioned the term whole
6 tree and full tree method. You used the term whole
7 tree method when you were discussing slash with Mr.
8 Martel. Are these the same things, or did you intend
9 to use one...

10 A. No. I think, as I indicated, I used
11 the word whole tree. Whole tree means you basically
12 take the whole tree, roots, stump and everything else.
13 But full tree logging is the jargon, if you will, that
14 is used to refer to the extraction of the tree above
15 the stump, not including the tops.

16 Q. And when you were answering Mr.
17 Martel indicating that slash would be left, which of
18 those two methods were you referring to?

19 A. Full tree logging. The logging in
20 which the full tree was not extracted. It may be
21 shortwood or some other ...

22 Q. Is that whole tree logging method
23 where you take the tree, roots and all out of the
24 ground used in Ontario?

25 A. Not to my knowledge anywhere in

1 Ontario, unless it is clearing for agriculture.

2 THE CHAIRMAN: Mr. Armson, would you mind
3 putting your microphone down a little bit, we are
4 getting some very interesting sounds of a type.

5 MR. ARMSON: I will slip it a little
6 tighter.

7 THE CHAIRMAN: If you tighten it any more
8 we won't get any sound.

9 THE WITNESS: That may or may not be an
10 advantage.

11 Is that satisfactory, Mr. Chairman?

12 THE CHAIRMAN: Thank you.

13 MR. FREIDIN: Q. And FMA agreement
14 holders, are they required to prepare timber management
15 plans?

16 A. They are.

17 Q. And what do those timber management
18 plans describe, just very generally?

19 A. Well, they conform to the Timber
20 Management Planning Manual and, therefore, describe the
21 forests, they describe all the attributes of the forest
22 in terms of the area, the nature of that forest as
23 prescribed by the Timber Management Planning Manual and
24 the plans, of course, detail the activities that will
25 be undertaken on that forest during the five-year

1 period to which the plan applies.

2 Q. And must those plans with the
3 description of those activities be approved by the
4 Ministry of Natural Resources?

5 A. Yes, they must.

6 Q. Can operations occur without that
7 approval?

8 A. Then they are subject to the
9 penalties and the Board Chairman asked about
10 penalities. In the agreement it does not speak to
11 penalities per se, but the sections of the Crown Timber
12 Act that apply to all activities related to the Act, of
13 course, do have penalties and those do apply, Mr.
14 Chairman.

15 Q. And the monitoring provisions which
16 will be described by later panels, this is monitoring
17 activities in the field as to whether they are
18 conducted in accordance with timber management plans,
19 is it intended that those monitoring procedures will
20 apply to all Crown lands or all activities on Crown
21 lands regardless of who the licence holder may be?

22 A. Yes. They apply to all Crown lands
23 where timber management activities are being -- whether
24 those activities are undertaken by a forest management
25 agreement holder or otherwise.

1 MR. MARTEL: Who goes out and actually
2 does the audit of what is in the agreement to make sure
3 that, in fact, it has been done? Is it a forester or
4 forest people or company officials, or who actually
5 does that audit?

6 THE WITNESS: On an on-going basis, Mr.
7 Martel, there is, for each forest management agreement
8 holder, a professional forester who is titled the
9 designated Crown representative. And he is the
10 individual that is the key person in the dealings with
11 the company and also in ensuring - and there may be
12 forest technicians or other staff or other foresters
13 associated - but there is one individual who is
14 designated as the forester who is the Crown
15 representative to ensure, in the day-to-day proceedings
16 and activities and, therefore, is responsible for
17 whatever monitoring is to be undertaken.

18 In addition to that, there are the
19 five-year reviews which I referred to which are
20 undertaken by individuals identified and appointed by
21 the Ministry.

22 In the first two reviews that were
23 undertaken, the individuals were regional directors,
24 regional co-ordinators from other programs, such as
25 wildlife, and the regional forester from a region other

1 than the one the FMA -- the area in which the forest
2 management agreement was being reviewed.

3 This past year, for the third review,
4 that was undertaken by three individuals; two of whom
5 were foresters and the other a professor of wildlife
6 biology at Lakehead University. So they were not
7 Ministry staff involved in this third review, and I
8 think that is the pattern that is proceeding.

9 If I might add, there was some point -
10 and I know it perhaps could be argued as to why senior
11 Ministry staff would be involved in the first two
12 five-year reviews -- I personally regarded that as an
13 opportunity to have some of the senior staff become
14 familiar with what was going on in forest management
15 agreements because they were a new type of an
16 arrangement and it enabled some of the senior staff to
17 have some first-hand in areas that weren't under their
18 particular administration to see what was going on in a
19 very practical and real way.

20 MRS. KOVEN: Under the third review, were
21 the two foresters from MNR?

22 THE WITNESS: No. Were they originally
23 from MNR?

24 MRS. KOVEN: Are they with MNR?

25 THE WITNESS: No, no Ministry staff in

1 this third-year review were involved in terms of being
2 reviewers. There were three persons: One was a
3 retired forester -- senior forester from the industry,
4 one was a retired forester from the industry, and the
5 third, as I said, was the professor of wildlife biology
6 at Lakehead University.

7 MR. FREIDIN: Q. Now, I am just
8 wondering where that takes us to in terms of your
9 witness statement, Mr. Armson.

10 A. Well, I would suggest, Mr. Chairman,
11 that we have sort of circled around 1976 and '75 and
12 the witness statement on page 16 in paragraph 60 I have
13 identified the --

14 THE CHAIRMAN: That is around the end of
15 the Viet Nam War. Could we use that as a benchmark?

16 THE WITNESS: I'm not apologizing -- I
17 mean, page 15 and paragraph 56, I have identified the
18 1975 and the Environmental Assessment Act, I think for
19 obvious purposes as a key date.

20 In effect, I think '75 and '76, in that
21 period was, again a period of considerable change in
22 the way in which this Ministry - both its arrangements
23 and activities - were undertaking them.

24 In the witness statement, and I refer to
25 page 16, and particularly paragraph 57 and 58, I return

1 to one of the points I made in the paragraph 55
2 initially; that often technological change has a way of
3 coming about and either reinforcing or moving the way
4 activities are undertaken in quite a different way.

5 I have referred to mechanization of the
6 industry and access. Probably the single most
7 important feature that has enabled us to move, in terms
8 of the industry mechanizing in its operation the
9 site-preparation equipment that you saw there, was the
10 practical application of hydraulics.

11 In discussing this with industry people,
12 I think that all the early establishment of attempts at
13 mechanization using gears and chains and Lord knows
14 what, but essentially they had problems, and it was
15 when highly application of hydraulics became common
16 that...

17 In terms of management and the planning
18 of activities, timber management planning, I would
19 suggest that the introduction of computer technology
20 and, more particularly and much more recently, the use
21 of micro-computers at the -- essentially the desk-top
22 level has brought forward a very dramatic change in the
23 way in which we can deal with data and in a rapid way
24 and deal with it also in a way to look -- use that data
25 in our planning process. And perhaps nowhere is that

1 more important than where we are dealing with
2 relatively long time periods. And I mentioned that in
3 terms of initially.

4 If one had to compute the growth of
5 forests or a particular forest over several decades
6 from subsequent data and do that by hand, it takes a
7 considerable length of time. Indeed, I was involved in
8 computing the original manual, it was information that
9 had been given to me by the head of the inventory, the
10 80-year growth that might occur for a set of stands and
11 it took, in fact, over a month or two of one
12 professional forester's labour. That can be done
13 essentially in virtually minutes now.

14 So the application of many areas of
15 technology - and I refer to this in the document - has
16 made it much more capable of updating and you again,
17 sir, and the panel will be hearing more about this in
18 the next panel that is coming in, Panel 3.

19 The aspect that I refer to in paragraph
20 59, particularly dealing with data relating to specific
21 areas, there has been, over the years, a concern about,
22 not so much an inventory, but an identifying of the
23 kinds of land and the conditions -- soil conditions, if
24 you will, that could be linked to the development of
25 silvicultural practices and applied in the development

1 of what we call silvicultural prescriptions.

2 And I referred to the ground rules in the
3 forest management agreement whereby the types of forest
4 they're identifying, but also the types of conditions,
5 soil conditions and so on, and these are related then
6 to the nature of the prescribed activities and the
7 standards of accomplishment.

8 And it is essentially in the last --
9 particularly in the last five to six years that we have
10 made some considerable strides - not that we didn't
11 have some of these sets of data available before - but
12 we were not in a position to, if you like, aggregate
13 the information and transform it into usable types that
14 could be used in the field.

15 What I am really referring to here is
16 something that you hear a great deal about and that is
17 in terms of mapping, because obviously we are dealing
18 with areas. When maps have to be hand-drawn and
19 hand-coloured, it takes a great deal of time and a
20 person's effort. When they are digitized and
21 computerized, then they become available in a totally
22 different manner and can be updated and changed.

23 And this is the element that I am
24 referring to in this document as a change that is
25 taking place and one which, when one asks for that

1 information, is an important one to take into account.
2 We are moving in that area very rapidly.

3 So that I can't say that it is in place,
4 but we are moving to put many of the elements of that
5 technology there. This has some relevance, I think, in
6 a matter that has been -- was brought up by the Board
7 in the previous panel, and that is about information
8 and the level or scale at which it is obtained or at
9 which it is relevant.

10 And throughout the area of the
11 undertaking, some 385,000 square kilometres, it is
12 obvious that for information at one level, such as the
13 provincial forest inventory, there is a scale of
14 precision, of amount of information that we can decide
15 upon is relevant - we would maybe like much more - but
16 in fact the cost of obtaining that then becomes a
17 consideration and a factor.

18 But, in fact, in a very pragmatic way,
19 what we do virtually in every aspect of our endeavours
20 whether it be in timber management, is that we then
21 tend to focus down on those areas and, particularly,
22 those areas in which certain activities will take place
23 that are going to be a little more costly or of a
24 greater interest; and so we get a stratification and
25 changing of scale and, therefore, associated with that

1 with the kind and intensity of information that may be
2 derived.

3 And I would suggest to the Board that
4 sometimes we lose site of that, if you like, hierarchy
5 of levels of scales which are related back, very
6 practically, to: Do you want this level of information
7 for everywhere over the 385,000 square kilometres or,
8 in fact, do you only need it in practical terms here
9 and here and here.

10 So we are getting into that type of --
11 and many discussions with members of the public, kind
12 of often there is an assumption that somehow we should
13 know everything about all matters at the same scale.
14 And that is just a fact of life that if you wanted to,
15 it would be a very costly and probably very ineffective
16 procedure because often the information we want has to
17 be relevant to the purposes for which we wish to use
18 it. And information sort of in itself, without fitting
19 into an objective or a purpose for its use, really
20 gives rise to some difficulties.

21 MR. MARTEL: I would be interested in the
22 differences as opposed -- when you put it all in, feed
23 it in, let's say in northern Ontario, much of an area
24 that is the same soil and so on, your primary -- are
25 you saying to us that what you need are the

1 differences, the things that could alter your planning
2 process?

3 The others are more applicable right
4 across the board but, in fact, what you need to know
5 are the things that would alter the planning process,
6 they are site specific?

7 THE WITNESS: That is one element of it,
8 Mr. Martel. I just refer to the two Exhibits, 57A and
9 57B, behind me. This was at a scale of 1 to 1,000,000
10 so we are looking at a very large area and within that
11 we can say: A-ha, there is an area that we are
12 interested in, let's look at that. In other words, for
13 whatever reason that it may be in relation to
14 objectives or it maybe concerns, and we say: Let us
15 look at that in greater detail.

16 This area we are not -- at this point in
17 time not interested in, but let's look at that, for
18 example, where is the 1986 fire. Let's now examine
19 that area, that 300,000 hectares, or whatever it was,
20 in greater detail because of our concern for this, this
21 and this and then you could set about and do a second
22 tier of inventory gathering, if you like, in relation
23 to that.

24 And that is, in effect, what we often do
25 in forestry, we say: Okay, focus down on those areas.

1 An example that was one that I am kind of -- feel
2 comfortable with is, one could say: Why don't we have
3 soil surveys of all the area of the undertaking at a
4 scale which could be used by timber management
5 foresters. That would make some -- that is kind of a
6 rationale.

7 Now, having conducted a survey on some
8 250,000 acres some years ago for that very purpose, and
9 I can assure you that, if you say: We would like that
10 for the whole area of the undertaking; I would say:
11 How many millions of dollars do you have and, really,
12 why do you want it for all that area when, in fact, the
13 areas for which you really need that information are
14 those in which you are going to be going forward in the
15 next five or ten years to carry out specific
16 activities?

17 There are areas in there where you can
18 say right now you are not going to enter upon for any
19 basic activity, so you can then stratify and say: If
20 we are going to do it, we will do it on these specific
21 areas. And that reduces the area to which you focus
22 and on which you expend money very considerably.

23 And it maybe that within those areas you
24 may want even more detailed information and that is the
25 way, in fact, you move in a hierachial sense; from a

1 very small scale, down to -- step-wise to larger scale,
2 and that is where often much of the data that we are
3 concerned about - whether it be for trees and forests
4 or for other elements of the forest - that is where you
5 focus the attention.

6 And I think that that is -- I bring this
7 up because I think this is an area which often is
8 confusing to many people. That really is really in
9 relation to the planning process. And, as I say, in
10 the document, the Timber Management Planning Manual in
11 fact provides that kind of series of tiers, the 20-year
12 period over which -- to which the document applied, but
13 the five-year period to which we really focus our
14 attention, because it is in the areas that are going to
15 be dealt with and on which activities are going to take
16 place in that shorter term that we would really focus
17 attention.

18 MR. FREIDIN: Q. Mr. Armson, I
19 understood, I believe you have dealt in your evidence
20 already with paragraph 60 of the witness statement
21 which indicated the consolidation of the two previous
22 manuals?

23 A. That is correct.

24 Q. And there is an event, I guess I
25 could refer to it as, which is not referred to in the

1 witness statement, but which there was an undertaking
2 that it would be dealt with, perhaps only in a general
3 manner at this time, and that was the audit which was
4 conducted by Dean Baskerville.

5 And perhaps you could identify this
6 document for me. (handed)

7 A. Yes, I do. This is a document that I
8 prepared as one of a series of documents actually in
9 relation to the subsequent actions undertaken in
10 relation to the Baskerville Audit.

11 Q. And what is the date of that
12 document?

13 A. The date of that document is June the
14 3rd, 1988.

15 Q. And, in a general way, what does this
16 document deal with and describe?

17 A. The document is one that, as I say, I
18 prepared as part of my responsibility with the
19 Ministry.

20 Following the decision to undertake a
21 series of actions in response to the Baskerville Audit
22 or Report I undertook on a regular basis, to prepare
23 for the Ministry, for the senior Ministry regular
24 updating of what was occurring and the accomplishments,
25 if any, at that time. And this is, if you will, the

1 most recent of those documents.

2 But in view of the fact that I knew that
3 it would be of interest outside the Ministry, I have
4 included in it the statement as to the purpose of the
5 audit, the terms of reference in the audit, a brief
6 paragraph as to how the audit was undertaken, and
7 another paragraph on the document which was released by
8 the Minister in September of 1986.

9 MR. FREIDIN: I intend to file this
10 document as an exhibit, Mr. Chairman, and go through
11 it. I will just have the witness highlight certain
12 portions of it.

13 THE CHAIRMAN: Very well. Exhibit 58.

14 The documented is entitled: The
15 Baskerville Audit of Management of Crown Forests of
16 Ontario, 1986, Initiation, Actions and Conclusion, and
17 it is by K.A. Armson, dated June 3rd, 1988.

18
19 ---EXHIBIT NO. 58: Document entitled: The Baskerville
20 Audit of Management of Crown
21 Forests of Ontario, 1986,
22 Initiation, Actions and Conclusion,
23 and it is by K.A. Armson, dated
24 June 3rd, 1988.
25

23 THE WITNESS: If I might, Mr. Chairman, I
24 would like to point out that remlins must have been
25 involved in the production. On page 8, on the top

1 line, the words are "inclusion of the seven new
2 positions". The word "seven" should be deleted and the
3 word "eight" substituted to make it consistent with
4 what is written in the first part of that paragraph. I
5 am sorry for that.

6 MR. FREIDIN: Q. Now, Mr. Armson, I
7 understand that the Environmental Assessment Document
8 itself contains a summary of the 16 actions which the
9 Ministry indicated that it would take in response to
10 the Baskerville Audit; is that correct?

11 A. Would you identify the page?

12 Q. Appendix No. 7 and, unfortunately,
13 the appendix pages are not numbered.

14 A. Well, I have Appendix 7. Yes, I do
15 so identify it as that action plan.

16 THE CHAIRMAN: Sorry, I have lost you,
17 Mr. Freidin, where are you?

18 MR. FREIDIN: Appendix No. 7 to the
19 Environmental Assessment Document, Exhibit 4.

20 This has a listing of the various
21 actions. It is actually a summary of MNR's actions to
22 be taken in response to the Baskerville Audit and it
23 may be that reference to the summary will not be
24 necessary. I just wanted to indicate that there was a
25 summary listing of those particular actions.

1 Q. Now, the Baskerville Audit was marked
2 as Exhibit No. 16, Mr. Armson. Could you advise the
3 Board what Dean Baskerville's terms of reference were?

4 A. Yes. The terms of reference that
5 Dean Baskerville accepted and, in fact, was party to
6 their development are listed on page 1 of the document
7 that has just been filed.

8 There were four sub-components labeled
9 (a), (b) and (c), (d) but the basic direction was:

10 "To review the present and projected
11 forest resource inventory data with
12 specific concern for..."

13 And then those four sub-directions are
14 included. I don't know whether you wish me to go
15 through them or identify them in any way.

16 Q. I think they are there and probably
17 the record can speak for itself, unless you feel that
18 you want to explain, if you think any of those matters
19 need any explanation, Mr. Armson.

20 A. Well, I think they follow in a
21 logical sequence and I would say that, in the
22 development of the terms of reference, Dean Baskerville
23 was very clear that, in terms of a review of data at
24 some level, let's say provincial level, that was in
25 fact not a type of exercise that would be particularly

1 gainful unless it was related to the use of that data
2 in relation to the supply of timber and in relation to
3 the ability to predict future wood supplies within
4 defined limits.

5 And this was, as you will see in the four
6 sequences there, he was to deal with, first of all, the
7 methodology and procedures and particularly in ways to
8 deal with it in relation to forming a basis for
9 planning and decision-making at three levels, at not
10 only the provincial and regional levels, but the
11 particular management unit levels.

12 And I think, Mr. Chairman, in talking
13 about the forest itself that is the point I guess I
14 would be emphasizing, that we can deal with this at
15 different levels and, ultimately, the level that
16 actions take place, manipulation of the forest occurs
17 at the management unit level.

18 Q. And, in your opinion, did Dean
19 Baskerville meet the terms of reference in his report?

20 A. Yes, he did. In fact, he went beyond
21 the terms of reference and dealt at some length within
22 his report with non-timber values and I think that was
23 appropriate for him to do that, but we didn't have that
24 in the terms of reference.

25 Q. Dean Baskerville looked at six

1 management units and there is reference to these six
2 management units on page 2 of Exhibit No. -- and, Mr.
3 Chairman, the Exhibit No. was...?

4 THE CHAIRMAN: 58.

5 MR. FREIDIN: Q. --Exhibit 58.

6 Can you advise who decided which units
7 would be looked at and the number of units which would
8 be looked at?

9 A. Dean Baskerville made that decision.

10 He asked to be provided by our management planning
11 section staff with a listing of the Crown units and the
12 forest management agreement areas and asked for certain
13 information about them; that is, the size and, in
14 particular, I recall he specified in discussion with me
15 that he would like to know the year of execution of the
16 agreement because he felt that it was appropriate to
17 look at a forest management agreement area that had
18 been in place for some period of time rather than one
19 that had been signed the proceeding year.

20 From that array of information, it was my
21 understanding that he had further discussions with the
22 forestry staff, particularly the management planning in
23 head office, and asked for further information and then
24 he made the selection.

25 Q. And do you know the basis upon which

1 the selection was made?

2 A. I know that he had decided to, in
3 fact, sample, if you will, a number of Crown management
4 units and a number of forest management units, and I
5 can only presume that the number six was -- we
6 certainly didn't set it, he chose the number and
7 obviously their location.

8 Q. Did Dean Baskerville make any
9 recommendations -- specific recommendations in his
10 report?

11 A. He did not -- well, I believe he made
12 one recommendation and it was, if I may -- I think I
13 have his report here, yes.

14 On page 1, I think the only statement
15 that is actually categorically stated as a
16 recommendation is that on page 1 of his Audit Report --
17 and I don't know whether the Board has that.

18 THE CHAIRMAN: That is Exhibit 16, I
19 believe.

20 THE WITNESS: Exhibit 16. If I may, Mr.
21 Chairman--

22 MR. CASTRILLI: Yes, that is right.

23 THE WITNESS: --it is on page 1 of that
24 exhibit and the last sentence in the second paragraph
25 reads as follows - and this is the only recommendation

that I am aware of as being specified as such:

"Therefore, one overriding recommendation is..."

And then the following words are in bold type:

"...that the OMNR review the issues raised here in their specific context and that solutions be designed that are appropriate to the real problems."

Then the body of the report goes on to relate, draw attention to certain items that he believes are important, to inconsistencies, to areas of action that he thinks are deserving of attention, and so on.

MR. FREIDIN: Q. And OMNR refers to Ontario Ministry of Natural Resources?

A. That is correct.

Q. And are you aware as to why Dean Baskerville chose to make one specific recommendation only?

A. In discussion with Dean Baskerville he felt that if he had itemized clear meek recommendations there would be an inevitable tendency to address those as individual items and not really be concerned with the overall context and overall

1 considerations within which he was really making --
2 drawing our attention to areas for action, and he felt
3 we might -- we or other people, might focus in on those
4 individual recommendations and see them as ends in
5 themselves rather than part of an ongoing process.

6 And I believe elsewhere in his Report he
7 talks about this need for continuing review of, in his
8 terms, forest management and the activities related
9 with it.

10 Q. Does he comment -- are you aware of
11 where in the Report we find this reference?

12 A. Well, actually on page 1 he uses --
13 immediately following the statement that I read to the
14 Board, the first sentence in the next paragraph says:

15 "To be effective, forest management
16 requires continuous attention."

17 And then he goes on to discuss
18 essentially the dynamics of the forest.

19 He also, if the Board will turn the page
20 to page 2, I think issues a caution, and with the
21 Board's permission I would just like to read those two
22 brief sentences.

23 He says:

24 "If the audit initiates contemporative
25 review of the parts of the system in

question, then it will be successful. If it evokes a defensive response within the OMNR or a destructive response amongst the detractors of the OMNR it will have failed."

Q. And I understand Dr. Kyle is referred to -- if you turn to the Forward of the document, a Mr. Kyle from Thunder Bay, Ontario, was involved in some way in this particular matter?

A. Yes. And the reason for that was Dean Baskerville, being situated in New Brunswick -- prior to his coming here in January to actually initiate the audit on the ground, if you will, he also requested that he had material and that someone in the province be identified with whom he could, in fact, act as a liaison, if you will, between the Ministry and himself.

And because of his knowledge and familiarity and they both taught at the same institution, and we knew that, so we suggested that perhaps Dr. Kyle who was the then Director the School of Forestry at Lakehead University act in that function. We deliberately, very deliberately did not want one of the Ministry staff to act in that capacity.

Q. And does that particular Forward

1 comment or deal at all in any way with why the Report
2 was limited in terms of a specific recommendation to
3 one?

4 A. Well, in the Forward he makes the
5 statement that it contains judgments of adequacy and
6 suggestions for revision of procedures, and he goes on
7 to state that these are offered as professional
8 opinions based on experience in the context of
9 contemporary technical forest management standards.

10 And I think, again, he is emphasizing
11 that he did not want to, in his Report or what might
12 flow from that Report see -- focus on individual things
13 as if they, once accomplished, that was the end of them
14 and they probably should be ongoing.

15 Q. In Exhibit No. 58 under the heading
16 The Report's Contents, there is a quote and it says:

17 "As stated by Dean Baskerville on
18 September the 4th, 1986..."

19 And there is a passage, and perhaps I can
20 just read it:

21 "The Report identifies numerous places
22 where, in my opinion, the Ministry should
23 contemplate change. The Report does not
24 prescribe specific changes to the
25 Ministry management procedures. This is

1 partly because forest management, as a
2 design process, is unique to each forest
3 with no absolute standards, partly
4 because there are many linked processes
5 and changes needed to recognize these,
6 but mostly because I consider it
7 essential that an on-going process of
8 change be internalized. Also, in my
9 opinion, the structure of forest
10 management in Ontario is sound. The
11 operation of the structure needs
12 attention, mainly to ensure that what
13 Ontario gets in the forest over time is
14 indeed what Ontario is aiming for."
15 Does that actual quote appear in the
16 report?

17 A. No, that does not appear in the
18 Report, but it was a prepared statement that Dean
19 Baskerville gave in September, I believe it was
20 September the 6th on the occasion of the Report being
21 released, and it was distributed to the media who were
22 present and in fact anyone else.

23 We do have copies of that, not
24 immediately at hand, but we could obtain them.

25 THE CHAIRMAN: Mr. Armson, perhaps you

1 cannot answer this - and maybe this is an unfair
2 questions - and if you cannot answer it, please so
3 state.

4 Were there any discussions at the time
5 that you discussed this whole audit with Dean
6 Baskerville as to the relationship that this audit
7 would or would not have with respect to the
8 Environmental Assessment process in which we are now
9 involved?

10 THE WITNESS: I can answer that, Mr.
11 Chairman. We did not discuss it. In fact, although I
12 may have on my own thought about it in connection with
13 it and certainly when the Report was completed and
14 submitted it was obvious that it would have an impact,
15 but at the time, in the discussions that I had with
16 Dean Baskerville in the summer of 1986, the focus and
17 the discussion never at any time centred around the
18 Environmental Assessment nor the Class Assessment.

19 THE CHAIRMAN: The reason I am asking
20 that is because he obviously would have been aware that
21 the Ministry was preparing for an EA process at that
22 time, I would think.

23 THE WITNESS: I think he would be
24 aware -- certainly he probably was aware of it going
25 around the province and talking, but it didn't enter

1 into any of the discussions. And certainly in terms of
2 the discussion very specifically relating to whether he
3 would be willing to do the audit, whether the terms of
4 reference, as they developed -- there was never any
5 discussion.

6 THE CHAIRMAN: I guess my question and
7 query is with respect to the fact that he obviously
8 chose not to make specific recommendations because he
9 did not want the overall picture, if I might put it
10 that way, to be lost in the sense that if specific
11 recommendations were taken care of it might end there.

12 But I am wondering whether or not he
13 realized that there is a process going on, running
14 parallel to what he did, to some extent, but might well
15 be formulating specific recommendations or conditions
16 of approval or things along that nature.

17 THE WITNESS: Well, I presume he would be
18 aware of it but, as I say, it didn't enter into our
19 discussions.

20 THE CHAIRMAN: Okay.

21 THE WITNESS: He is the only one who can
22 really answer that question.

23 THE CHAIRMAN: And I guess nobody has
24 made any kind of decision on whether Dean Baskerville
25 will or will not be called to these proceedings.

1 Is that correct, Mr. Freidin?

2 MR. FREIDIN: I can tell you, I can't
3 speak for anybody else, but I can indicate that a final
4 decision on that has not been made by the Ministry.

5 THE CHAIRMAN: Okay. Thank you.

6 MR. FREIDIN: Q. If you could turn to
7 page No. 3 of Exhibit 58. The second full paragraph
8 begins:

9 "The Report indicates five major areas
10 requiring action..."

11 And then there is a listing of five areas
12 and I understand that, if we go through the balance of
13 the document, the various actions that the Ministry
14 committed itself to as a result of the Audit are then
15 discussed or identified below one of the five major
16 areas which are identified on page 3?

17 A. That is correct.

18 Q. And could you advise who decided what
19 was going to be characterized as the five major areas
20 and on what basis were those decisions made?

21 A. If I can go back to the basis for the
22 decisions and then identify who made them.

23 As I indicated, and as you are aware, it
24 took considerable reading of the Report by a number of
25 people, but one of the first actions, if you will, that

1 was taken - in fact that was decided upon immediately
2 before the Report was released - was that the day
3 following the release in Thunder Bay, when Dean
4 Baskerville was still here, I chaired a meeting - and I
5 think I referred to this yesterday in my testimony - at
6 the request of the Deputy Minister of the day between,
7 not the train, but with Dean Baskerville and some 70 or
8 so members of the Ministry, primarily foresters and
9 many unit foresters to discuss -- went through his
10 Report and many of the staff had questions about: This
11 is a statement, why did you make it and so on.

12 And as a result of that very, long
13 single-day meeting and both the questions and the
14 responses to those questions, and then my request of
15 the Chairman that the unit foresters in going back -
16 since not all unit foresters were there - on going back
17 to their individual districts that they discuss what
18 had taken place and the Report with their colleagues
19 and then send to me their comments, discussions as a
20 result of that second level, if you like, at the local
21 level.

22 Those comments and discussions were
23 submitted. I collated, if you like, and compiled them
24 and from the reading of the Report done by myself and
25 other senior Ministry staff, we arrived at essentially

1 the five areas here, not exactly in these words, at
2 that time.

3 This was then a matter that was put
4 before the Executive Management Committee of the
5 Ministry and, as a result of discussions there, it was
6 decided that at the senior level within the Ministry
7 that there would be a series of actions.

8 The ultimate decision was made by the
9 Deputy Minister of the day, but that's the process and
10 those are the people who were involved in it and that
11 is how those five areas were identified and the related
12 16 actions.

13 I should also add that when these actions
14 were decided upon, Dean Baskerville was asked for his
15 opinion as to whether, in view of his very strong
16 comments in his own Audit Report as to the way in which
17 the Ministry should deal with his Report, but not
18 become defensive, but should put it in the context of
19 an onward, whether he had any comments and I recall,
20 and this is -- I don't have any documents, but I do
21 recall that he thought that the Ministry had acted very
22 appropriately in the way it had responded and was
23 favourable to the individual actions.

24 THE CHAIRMAN: Mr. Armson, consider that
25 at least hearsay.

1 MR. FREIDIN: Yes.

2 THE CHAIRMAN: At this point anyway.

3 MR. FREIDIN: Q. Mr. Armson, if I could
4 refer you then to the bottom of page 3 where the
5 specific actions are described, perhaps you could --

6 MR. FREIDIN: And again, Mr. Chairman,
7 these are summarized in the appendix to the
8 Environmental Assessment, but what I would like to do
9 with Mr. Armson is just have him go through these in a
10 brief way, give us a general sense of what each matter
11 deals with, and indicate whether the subject matter of
12 the recommendations will be dealt with in later
13 evidence.

14 Q. And if you are able, Mr. Armson --
15 well, I think between the two of us we will be able to
16 indicate which evidence panel will be dealing with the
17 subject matter which is referred to in each of the
18 items.

19 A. Yes. The first area; that is, the
20 need to ensure that the province is getting the best
21 end use from its timber, and this relates to the
22 present use of merchantable timber and also future
23 supply, there are four actions that were related to
24 this.

25 The first one dealt with the setting in

1 place of the appropriate equipment and facilities for
2 unit foresters at the district level and the provision
3 of - by means of workshops or training - of the staff
4 to use that equipment in the use of a model which is
5 called The Ontario Wood Supply and Forest Production
6 Model, the acronym of AWSFOP, that was a responsibility
7 of the management planning section and, in fact, you
8 will be hearing more about that and be presented with
9 the results of that type of process in Panels 3 and 4.

10 MR. FREIDIN: You can see, Mr. Martel,
11 that Mr. Douglas' suggestion that jargon be outlawed
12 isn't always followed by everybody.

13 The forest resources group has a penchant
14 for having acronyms for everything, so we always
15 attempt to indicate what it is in full and then they
16 have to say AWOSFOP.

17 MR. MARTEL: I wasn't sure if it was
18 something you ate or...

19 MR. FREIDIN: Ask Dr. Osborne in the next
20 panel.

21 THE WITNESS: If I might interject, Mr.
22 Chairman, the basic model we borrowed from New
23 Brunswick back in December of '78 and there it was
24 called a Wood Supply Model and was called AWSFOP which
25 we thought was less appropriate than putting an "O" for

1 Ontario in front of it because, at least giving it some
2 musical intonation.

3 THE CHAIRMAN: Put it on compact disk I
4 think will help that sound.

5 THE WITNESS: The second action was that
6 whereby a small committee, foresters within the
7 Ministry undertook -- Dean Baskerville had expressed
8 concern about at the unit level of relationships
9 between area and volume.

10 And I think in my presentation earlier
11 when we were looking at the data from the forest
12 resources, you saw that we sometimes express our
13 information and, indeed, the key method of expression
14 is on an area basis for the forest, and yet obviously
15 in terms of providing material to a mill, they are
16 interested in the volume.

17 So at the local level, these
18 relationships become important, and he had expressed
19 some concern that in some of the units he had visited,
20 and about which he wrote, that those relationships seem
21 to be somewhat less firm than they should be.

22 So the committee was instructed to look
23 at that and make recommendations as to how that could
24 be improved and they did with an internal report.

25 Obviously, the improvement has to be done at that unit

1 level.

2 There is not any panel that is dealing
3 specifically with that particular area, although it is
4 obviously related to what will be discussed in timber
5 management planning generally.

6 The third action was one actually that the
7 Ministry had initiated earlier which was a
8 comprehensive survey and, at that time, of three
9 regions: northern, northcentral and northwestern
10 regions, based on all the available records of Crown
11 lands that had been actually -- had actually received
12 regeneration treatments; not areas that had
13 regenerated, but those where the province had invested,
14 if you will, monies in terms of site preparation, in
15 terms of seeding or planting, to create a regenerated
16 forest.

17 That we felt was an important on-going
18 thing and we extended it then to two other regions, the
19 northeastern region and the Algonquin region, and that
20 study - you will be presented with the results of the
21 first three regions in a subsequent panel, Panel 4, and
22 I will be making that presentation to you.

23 The work -- the final field work in the
24 northeastern and Algonquin regions is just being
25 completed and those reports should be available

1 probably in late winter of this year or early January
2 or February of next year.

3 The fourth action was a committee which
4 was struck initially under the chairmanship of Dr. Kyle
5 with membership from the forest industry and from the
6 Ministry to look, in some detail, at the aspect of best
7 end use, particularly as it related to the marketplace,
8 the specifications for saw logs, pulpwood and so on,
9 and the criteria that might be developed.

10 Incidentally, these terms of reference
11 are identified in the document. Dr. Kyle left Thunder
12 Bay on leave and has been working with the Canadian
13 Forestry Service in Ottawa and, therefore, if you like,
14 the movement of that committee, sort of in the interim
15 period there, and Mr. Herridge was asked to assume the
16 chairmanship and he is completing the report, and we
17 anticipate that will be presented to the Minister or to
18 the Deputy some time this summer. That is essentially
19 ongoing.

20 Q. Mr. Herridge, is he a Ministry
21 employee?

22 A. No, Mr. Herridge is a forester who
23 was, at one time, in the employ of the Ministry of
24 Natural Resources, was an Assistant Deputy Minister for
25 Resources, became the Deputy Minister in what was then

1 the Department of -- the Ministry Of Northern Affairs,
2 now the Ministry of Northern Development and Mines and
3 has retired and his involvement is to selling wood.

4 Q. Okay.

5 A. There was a fifth item - I am sorry,
6 I didn't mention this - that related to information and
7 data that brought together the information on supply
8 from management plans; that is, the determination of
9 the available amount of area wood - which, I am sorry
10 to say, I have to use another acronym, but termed the
11 Maximum Allowable Depletion, which is a result of a
12 series of calculations which are made every year - and
13 they go by the acronym of MAD.

14 Those are present, those determinations.
15 That's a supply side, if you will, set of information
16 and that then can be related to information that is
17 submitted annually by each individual mill licensee as
18 distinct from a forest licensee which specifies
19 considerable amount of information about the mills'
20 operations, the wood, the production, many other
21 attributes, and these are data that are submitted in
22 confidence -- or confidentially to the Ministry, becoming
23 part of the statistical base both for the Ministry and
24 for Statistics Canada.

25 We have developed a computerized linkage

1 of those data of the supply of wood by management unit
2 and in relation to the demands required by mills. And
3 I will be making a presentation in Panel 3 with respect
4 to that system. So that was really dealing with
5 information and bringing it together in a certain
6 format.

7 The second area that we identified, and
8 this is on page 5 of the report, the need to ensure
9 that current silvicultural practices are contributing
10 to the accomplishment of specified management targets
11 and that the budget of the silvicultural purposes -
12 and there the budget refers particularly to
13 regeneration and tending activities - is being spent in
14 a manner that will give the best return on investment.

15 In a number of instances, Dean
16 Baskerville commented on the fact that the decision as
17 to the nature, location and indeed the extent of
18 silvicultural activities were often based on available
19 areas, they were often done, decisions were made,
20 essentially on an individual basis, and I refer back to
21 my concern for bringing together, in a planning sense,
22 and here is where he is dealing with much the same, but
23 suggesting we use some process.

24 The sixth item --

25 THE CHAIRMAN: Perhaps at this time, Mr.

1 Freidin, we can take care of this second topic as a
2 unit after the lunch break rather than starting on this
3 one.

4 MR. FREIDIN: All right. I can advise
5 you that as soon as we go through this document, there
6 will be probably another five or ten minutes of
7 evidence, I think probably I will finish within -- well
8 within the hour, once we get back.

9 THE CHAIRMAN: All right.

10 Well then, Mr. Cosman, would you be ready
11 to examine Mr. Armson at that time?

12 MR. COSMAN: Yes.

13 THE CHAIRMAN: Okay. We will continue on
14 then. The Board will rise until 2:00 p.m.

15 Thank you.

16 ---Luncheon recess at 12:30 p.m.

17 ---Upon resuming at 2:05 p.m.

18 THE CHAIRMAN: Thank you, ladies and
19 gentlemen.

20 Mr. Freidin, just before we start, the
21 Board has had a very brief discussion about a matter
22 that has peaked our interest from time to time since
23 the commencement of this proceeding and, that is: At
24 some stage of the game, the Board will probably want to
25 address some questions to Dean Baskerville and/or Mr.

1 Fahlgren.

2 And the reasons for that are, I think,
3 self-evident in the sense, that: Both gentlemen were
4 responsible for major studies which impact upon the
5 matters that are in front of us; they have been
6 discussed by several of your own witnesses, their
7 reports have been discussed in terms of some of the
8 cross-examinations of Panel 1 to date, and it is
9 obvious that there have been responses made to both
10 reports - and, certainly, I think this witness being
11 examined now has indicated that he led the charge of
12 the Ministry with respect to responses to the
13 Baskerville Report - and yet what we are missing, or
14 what we are not getting in the way we would like to
15 have it presented, are answers to questions except
16 through hearsay or speculation on what Dean Baskerville
17 thought or said or what he meant by what was stated in
18 his Report.

19 And, I would suspect, as we go further in
20 the case the same will be the case of Mr. Fahlgren, and
21 we have sort of been hinting along the line --

22 MR. FREIDIN: I haven't heard from MNR on
23 that.

24 THE CHAIRMAN: No, I am sure they have
25 not. I am wondering who might call them and, if there

1 were any intentions to call them, because we do not
2 want to interfere with counsel's case either in support
3 of the application or in opposition, but I think it is
4 fair to say - and let the Board be up front about
5 this - I do not think we will complete this hearing
6 without, hopefully, seeing one or both of them and, if
7 necessary, the Board may attempt to have them here as
8 the Board's witnesses, if that is the only way that
9 they are necessarily going to appear.

10 So I throw that out for the various
11 parties' consideration and I thought we would do it at
12 this early stage in the proceeding so that everyone
13 would be aware that one or both of these gentlemen may
14 appear later on, so that in formulating their own
15 cases, they could perhaps structure their questions
16 with that probability in mind.

17 So having said that, proceed. Thank you.

18 MR. FREIDIN: Let me just comment that,
19 if in fact it was the Board's intention to call either
20 of those two gentlemen, then serious consideration
21 would have to be given by everyone as to when the
22 appropriate time for that to occur would be.

23 THE CHAIRMAN: Well, that is right. I
24 think their evidence sort of permeates the whole case,
25 if I can put it that way, in the sense that it covers

1 certain topics which will be dealt with by a number of
2 your own panels and, I suspect, a number of witnesses
3 to be called by those in opposition.

4 So I think some consideration, if they
5 are going to attend, should be given as to when they
6 should attend and what evidence, if any, they should be
7 apprised of, I suppose, before their attendance.

8 I have no idea whether they are following
9 along with what is going on here; I suspect they have
10 other things to do than read transcripts and documents
11 all the time, but I would also suspect that they would
12 have some interest in the subject matter of these
13 proceedings since both of them spent considerable time
14 in formulating their own reports.

15 However, give it some thought. We will
16 return to this subject, I am sure, before not too long
17 and maybe we can resolve it satisfactorily to everyone.

18 MR. FREIDIN: Very well.

19 Q. Mr. Armson, we were at the second
20 major area identified on page 5 of the document. You
21 were just about to deal with Action No. 6, so perhaps
22 you could sort of begin there, identify what that
23 action was in response to, and briefly identify what
24 the action taken?

25 A. Yes, the area that was identified was

1 that relating to current silvicultural practices and,
2 indeed, to what degree they might be contributing to
3 the accomplishment of specified management targets;
4 and linked to that was a concern for the expenditures
5 for those silvicultural activities and these were, as I
6 mentioned earlier, regeneration and tending.

7 So that they would be, in fact, set in
8 priority to give what, in my words, were the best
9 return on investment, whatever that might be.

10 There were four actions related to this
11 area, and the first one was a very specific one which
12 the chief forest economist set out a series of
13 workshops throughout the province, not only in the area
14 of the undertaking, but also in southern Ontario.
15 These were attended by both Ministry and industry
16 foresters and, as indicated there, approximately 130.

17 And what it dealt with was the
18 application of really very conventional methods of
19 economic analysis, essentially those taking information
20 and data about the forest, anticipated or projected
21 growth, and anticipated yields in a general sense, and
22 using the methodology, very conventional methodology,
23 to determine, in effect, net present values as an
24 order -- as a measure, an index of setting priorities.

25 It was not intended and it never intended

1 to in fact be absolute in the sense of saying: These
2 are the amounts of dollars, the net present value that
3 you will get doing this, but rather to array some order
4 of magnitude. And also, in doing that, to provide to
5 the unit foresters, because of the technique and the
6 need to identify the particular components and their
7 dimensions, to focus attention on perhaps those areas
8 of activity or components of regeneration that are the
9 costliest, and there are other ways in which it can be
10 done better.

11 So it related to the efficiency in terms
12 of spending money and that was -- those workshops have
13 been carried out. And related to that, a set of
14 software that can be used on micro-computers has been
15 made available and I believe in many of the districts
16 have that material.

17 The seventh action, and the second one
18 within this group, as a requirement by the management
19 planning section to ensure that all management plans
20 must contain clear and quantifiable objectives.

21 Dean Baskerville had noted that often in
22 a management unit -- in a plan for a management unit,
23 the objectives that were stated were broad, either
24 regional and sometimes even in quotation of a
25 provincial objective in general terms, and he was

1 concerned that those were too general and, in fact, the
2 objectives should be clearly stated for that unit and
3 they should be quantified. And that is now a
4 requirement.

5 Q. What was the reason that he wanted
6 them to be quantified?

7 A. So that there could be -- in terms of
8 assessing whether the actions that then took place in
9 relation to the plan could then be assessed at some
10 later date, the five-year review, as to how effective
11 were they in moving towards the quantifiable objectives
12 that had been set.

13 Q. And I understand this particular
14 matter will be addressed by Panel 15?

15 A. That is correct, yes.

16 The eighth action, and the third one in
17 this group, dealt with the review of the Forest
18 Production Policy. There had been some -- previous to
19 the Baskerville Audit, there had been discussion and,
20 indeed at times, some moves towards a review of that
21 policy, but because of the general direction of Dean
22 Baskerville's Report, the Ministry set a target date
23 for both the review of that policy, and currently we
24 are now proceeding with a development of new policy
25 which is to be completed in terms of, internally by

1 October of this year and then those -- the options that
2 are contained in that will be presented to government.

3 Yes, Mr. Martel?

4 MR. MARTEL: If you are developing a new
5 Forest Production Policy while this enquiry is going
6 on, how does that impinge on this enquiry, let's say,
7 as a policy that exists at the present time?

8 MR. FREIDIN: I think that the focus of
9 this enquiry will be on the various activities and
10 their effects on the environment. Each of those
11 activities can be looked at and analyzed, in my
12 submission, absent a consideration of the Forest
13 Production Policy.

14 THE CHAIRMAN: What about the economic
15 side of the environment under the definition?

16 MR. FREIDIN: There can --

17 THE CHAIRMAN: Social and economic
18 impacts.

19 MR. FREIDIN: The Forest Production
20 Policy is the government policy on a certain -- at the
21 moment anyway, it is worded as being a certain new
22 forest that they want in place, they want to supply
23 industry with a certain amount of wood by a certain
24 year.

25 I would assume that the Board would be

1 interested in how that would affect what goes on in the
2 field and that will be the subject of some evidence.

3 THE CHAIRMAN: Well, it might be how it
4 affects not only what goes on in the field, but how it
5 affects communities that are in the field also impacted
6 by the four other activities: harvesting, access,
7 reforestation and that kind of thing.

8 I mean, would not major economic factors
9 thrown into the equation under the broad definition of
10 environment also be of some concern for this Board?

11 MR. FREIDIN: I agree this Board would
12 want to be concerned with the economic or the impact on
13 the economic -- social/economic environment as a result
14 of these particular activities.

15 THE CHAIRMAN: But are not --

16 MR. FREIDIN: The Ministry is
17 committed -- if I could just address Mr. Martel's
18 concern.

19 Yes, if the policy is changed by the
20 government during these hearings, then that information
21 will certainly be brought forward. This is a
22 continuing sort of matter. I mean, knowing that that
23 policy was going to be considered and that there would
24 be recommendations, my client said: Well, sure, that
25 may be the case, but that does not mean we cannot go

1 ahead with the hearing; and if something happens during
2 the hearing where that is changed, then that will be
3 brought to the attention of the Board and the
4 ramifications of that, if any, will obviously have to
5 be discussed.

6 MR. MARTEL: That is my concern. I mean,
7 if we are considering something under a set of rules
8 now, in a game that we are playing by now - if I can
9 use that term - and the rules are changed in the middle
10 of the game without us knowing the new rules then, in
11 fact, it could cause us some problems, I would think.

12 MR. FREIDIN: I think if the rules of the
13 game changed in relation to anything during the
14 currency of this hearing, it would have to be brought
15 to the attention of the Board.

16 THE CHAIRMAN: Well, we have to be
17 cognizant of all government policy affecting this
18 undertaking.

19 And, as you know by the case law, Mr.
20 Freidin, we have to take account of those policies
21 although we are not necessarily - I think the phrase
22 is - slavishly bound by them.

23 So we would expect that if new policies
24 came into effect it would be brought to our attention.

25 MR. FREIDIN: Well, if that was the

1 intent of Mr. Martels' question, I can certainly assure
2 you that any such change would be brought to your
3 attention.

4 MRS. KOVEN: Excuse me, Mr. Armson, I
5 have two questions about the Forest Production Policy.

6 THE WITNESS: Yes.

7 MRS. KOVEN: The first is: Is the public
8 statement about forest production policy to be found in
9 the District Land Use Guideline Plans where they talk
10 about the target production per district?

11 THE WITNESS: I can't answer definitively
12 on that, Ms. Koven. I believe that there is a
13 relationship, but the Forest Production Policy and the
14 targets related to it, particularly in the
15 implementation of activities and actions towards
16 reaching that, are embedded in, if you like, the
17 overall implementation.

18 I can't answer for a specific
19 relationship in terms of the Strategic Land Use Plans
20 and the District Land Use Guidelines.

21 MRS. KOVEN: But my second question has
22 to do with a comment you made this morning about the
23 data that is provided to you by industry--

24 THE WITNESS: Yes.

25 MRS. KOVEN: --in terms of the demands.

1 Is that part of what goes into revising the Forest
2 Production Policy?

3 THE WITNESS: That would be --
4 particularly at the regional level, that would be the
5 kind of information that, at regional levels, they
6 would identify what were the demands, existing demands,
7 and the possible projections of those demands could
8 occur at that level, yes.

9 MRS. KOVEN: So the possibility of
10 changes to the Forest Production Policy, would that
11 have anything to do with FMAs, or are you looking at
12 the larger supply and demand?

13 THE WITNESS: No, in terms -- the forest
14 management agreement areas are part and parcel of the
15 forest program in the sense that the supply of wood and
16 the demands for wood that they have on their areas, or
17 we have broadly, they are part and parcel of the
18 overall provincial supply and demand situation.

19 In other words, we don't segregate it out
20 in a sense and treat it totally separately.

21 Does that answer your question in terms
22 of the FMAs?

23 MRS. KOVEN: Yes. I am interested in
24 this term Forest Production Policy because I can't --
25 maybe it has been mentioned a number of times, but this

1 is the first time I have heard it.

2 THE WITNESS: Panel 4 will be dealing
3 with the Forest Production Policy and I think there
4 will be considerable elaboration in that panel.

5 MR. FREIDIN: Mr. Kerry, right here, will
6 be giving evidence about the present Forest Production
7 Policy, the implementation schedule which was created
8 as a result of that policy, actions identified,
9 designed to achieve that policy, and how it was
10 reviewed from time to time, and what the status of the
11 present review is, and what it is about in a general
12 way, the sorts of thing which would be considered or
13 the factors that would be considered.

14 I think your questions will probably be
15 addressed in that latter part of the evidence in
16 relation to the Forest Production Policy.

17 THE CHAIRMAN: Very well. Continue,
18 please.

19 THE WITNESS: The final item in Action
20 Plan No. 9, which is on the top of page 6, was a study
21 that was commissioned by the Ministry with a consulting
22 firm Woodbridge Reed and Associates. That study was
23 completed and has been published as a public document
24 as of December last year.

25 It dealt with the status of the industry

1 and made particular mention of the -- some of the
2 elements they considered were important in terms of
3 both responsibilities by the industry and by
4 government, particularly as it related to greater
5 emphasis in value-added products.

6 There will be a discussion in detail, a
7 presentation of information in detail in Panel 5
8 dealing with the economic status in terms of forestry
9 and timber management. So that I think is followed.

10 MR. FREIDIN: That particular subject
11 matter will be dealt with in Panel No. 5.

12 At this time, I cannot indicate that that
13 particular report will form part of that evidence, but
14 the whole area of the industry and the economic
15 environment will be addressed.

16 THE WITNESS: As I indicated, the third
17 area of interest was one that related to non-timber
18 values and Dean Baskerville's emphasis that there was a
19 need to ensure that these values, such as wildlife
20 habitat and recreation and tourism uses, were managed
21 towards measurable and quantifiable objectives.

22 Now, there was one major action here
23 identified as Action No. 10, and I should say this will
24 be discussed also in Panel No. 8.

25 One of the -- I guess in considering this

1 and taking into account Dean Baskerville's Report, it
2 became abundantly clear that while there were many
3 opinions as to the relationships, there was not
4 necessarily measurable and quantifiable information
5 that could relate the action -- timber management
6 activities, in many instances, directly to these
7 values, they were kind of generally related.

8 So what the Ministry did was enter into a
9 very well-respected consulting firm, Environmental and
10 Social Systems Analysis Limited, otherwise known as
11 ESSA, and they conducted workshops involving persons
12 from - I believe the words - virtually all aspects of
13 forest use and management, all the major groups in
14 Ontario who have evidenced interest in timber
15 management and, particularly, those who were concerned
16 about other uses.

17 And in the pre-consultation hearings, we
18 had a clear indication of who those individuals or
19 groups were, we were invited to take part in the
20 workshops. And there was a very large -- not all the
21 groups all wished to take part, but it was very
22 representative of a wide range of interests and, as a
23 result of that, and the meetings and the workshops that
24 were held, a report has been prepared - and while that
25 has not been printed as a public document, it was

1 available to certainly all those who participated and
2 anyone who asked for it - it was, I guess, particularly
3 valuable in sorting out what we might say are -- and
4 focusing on those relationships that seemed to be
5 critical, rather than many relationships which may have
6 been obvious or talked about, but when we got down to a
7 critical analysis, somewhat superficial.

8 As I say, Panel 8 will be dealing with
9 that in detail.

10 THE CHAIRMAN: Were native peoples and
11 communities involved?

12 THE WITNESS: I can't answer that right
13 offhand. I am sorry, but we could verify that, we
14 could verify who were invited and who actually
15 attended.

16 THE CHAIRMAN: At some stage, I take it,
17 the report itself is going to be filed; is that
18 correct?

19 MR. FREIDIN: Yes. Oh yes, it will be.

20 THE CHAIRMAN: And it would probably have
21 an indication of who participated?

22 THE WITNESS: The report has a listing in
23 either the front or the back of those who participated.

24 THE CHAIRMAN: Very well. We will wait
25 until then.

1 MR. FREIDIN: Your question was in
2 relation to native people and communities?

3 THE CHAIRMAN: And native communities.

4 MR. FREIDIN: And native communities?

5 THE CHAIRMAN: I just wondered if there
6 was participation of those groups.

7 MR. FREIDIN: I will attempt to -- I will
8 get that information to you before Panel 8.

9 THE WITNESS: The fourth area that we
10 identified as being a matter of considerable concern to
11 Dean Baskerville was embodied in what we have suggested
12 was a need to ensure that the distinction between
13 managing the resource and administering to the
14 management of the resource, it was a clear one, and
15 that the level of accountability and responsibility of
16 the unit forester become clarified.

17 This was a matter that his report dealt
18 with in some considerable length, both in terms of the
19 administration and in terms of the responsibilities and
20 accountabilities of unit foresters. And the specific
21 action there was for a committee to be struck and, I
22 should say as a prefatory statement, we had a new
23 Timber Management Planning Manual and planning process
24 come into effect which, in some ways, dealt with
25 certain of the concerns he had. This was not an action

1 related to the Baskerville, I would say, but it was
2 concurrent or contemporaneous with it.

3 So the actions are identified on page 7
4 and I guess the concern about communications within the
5 Ministry and some confusion or lack of communication
6 was an item for considerable discussion by senior
7 Ministry staff, and while Item 11 may not seem as a
8 specific action to be taken and implemented in one set
9 of activities, it was considered and emphasized by the
10 Deputy Minister of the day and senior staff that the
11 matter of communication between unit foresters and
12 their supervisors, between their supervisors and
13 district managers was a key one, and where that
14 communication was not clear and flowed both ways, there
15 would be difficulties.

16 THE CHAIRMAN: Excuse us one moment.

17 THE WITNESS: Yes.

18 ---Discussion off the record

19 THE CHAIRMAN: Mr. Freidin, just one
20 point of clarification. In Heading 4, the Preamble you
21 say that the Timber Management Planning Manual, the one
22 of January, '86, complied with the requirements of the
23 EA Act.

24 MR. FREIDIN: I am sorry, which page are
25 we looking at?

1 THE CHAIRMAN: Sorry, I am on page 6, the
2 bottom paragraph of Exhibit 58.

3 MR. FREIDIN: Yes.

4 THE CHAIRMAN: Now, what you mean by that
5 is that when it was formulated, it was formulated to
6 take account of the requirements of the Environmental
7 Assessment Act, but it had not received any kind of
8 formal approval under that Act, not without a hearing?

9 MR. FREIDIN: No, obviously. And we are
10 not suggesting that there is approval for the...

11 THE CHAIRMAN: For that particular
12 manual.

13 MR. FREIDIN: For that manual, for the
14 activities -- you know, the activities are taking place
15 at the present time pursuant to an exemption order--

16 THE CHAIRMAN: Right.

17 MR. FREIDIN: --that this Board is here
18 to determine whether those activities will continue.

19 THE CHAIRMAN: Okay. So that reference
20 to the EA Act is simply that the manual was formulated,
21 taking into account what the requirements would be of
22 the EA Act?

23 MR. FREIDIN: That's correct.

24 THE CHAIRMAN: Okay.

25 MRS. KOVEN: Excuse me. This Timber

1 Management Planning Manual in the Ministry or is it the
2 document that you give to your FMA?

3 THE WITNESS: It applies to the timber
4 management on all Crown lands and it applies equally to
5 forest management agreement holders, yes.

6 MR. FREIDIN: And that document, Exhibit
7 No. 7, is the actual manual.

8 Q. Now, Mr. Armson, I am lost now, I
9 think you were on Action 11.

10 A. Action 11.

11 Q. I think you completed that.

12 A. Well, I referred to the need for
13 communication and while there wasn't a specific time
14 frame, it was emphasized by senior staff the need for
15 better communication.

16 Item 12 really directly related to Dean
17 Baskerville's concerns about the unit forester and the
18 criteria, in particular, for responsibility and
19 accountability, and at the first meeting of the
20 committee which I chaired, there was also concern for
21 authority.

22 So those three elements were dealt with
23 by the committee and a report was submitted last year
24 to the then Deputy Minister and that report is
25 available - and it is in the public domain, and there

1 is an indication of the actions of the committee in how
2 they arrived at what one the key elements and
3 recommendations was in the report.

4 Item 13 was a concern expressed by Dean
5 Baskerville about the importance of forecasting of
6 yields and methodology used in relation to, what he
7 termed, the reality of the forest, and I mentioned this
8 earlier, and the methodologies that were used,
9 particularly modeling procedures.

10 In the action plan that was prepared in
11 October, we recognized --

12 Q. This was October of '86?

13 A. October of 1986. We recognized that
14 there was a need, more generally, to set in place a
15 series of programs and workshops, seminars; that
16 educational programs, worked out in conjunction with
17 staff in various universities, that would deal with the
18 updating and be directed toward the updating of unit
19 foresters and, indeed, foresters in the industry.

20 And, as a result of other elements of the
21 action plan, we focused initially on the matter of
22 modeling and forecasted yields and dealing with volume
23 data and workshops, most recently were completed,
24 actually while the Board was sitting here in Thunder
25 Bay, in which these workshops were given jointly by the

1 staff of Lakehead University, School of Forestry and
2 the Faculty of Forestry, University of Toronto.

3 We have an on-going program there and
4 there will be a series of further workshops next year
5 in relation to that particular action plan. I
6 personally would like to see that as very much of a
7 continuing process. Both the industry and Ministry
8 foresters are planning it.

9 MR. FREIDIN: And I can advise that
10 although the details of the course won't be the subject
11 matter of evidence, the role of timber modeling and
12 forecasting will be dealt with in Panel No. 4.

13 It comes into play in terms of what
14 happened to the management unit, but also in terms of
15 the Forest Production Policy.

16 THE WITNESS: The 13th action in his
17 report, again relating to unit foresters, Dean
18 Baskerville expressed concern about the fact that
19 certain of the management units were not accorded the
20 dedication of a full-time unit forester.

21 I can't speak -- but these were units
22 that he -- one or any of the six, but he mentioned it
23 in general. And, as a result that, the Executive
24 Co-Ordinator of Forest Resources Group, upon
25 information from field staff, determined that there was

1 a need for eight unit forester positions as of early
2 this year, and one of the points that was made by the
3 field staff was that the level of activity in
4 management units is not a constant and there are,
5 indeed, a small number of management units where there
6 is very low level of activity and would not, in fact,
7 justify the attentions of a forester full time.

8 And so as pointed out here, provincially
9 there are 108 management units, that's somewhat more
10 than the number in the area of the undertaking, but I
11 thought to give the Board a provincial picture here;
12 and there are 93 unit foresters currently, without
13 including those eight positions.

14 And there is not necessarily a need to
15 have an exact balance between the number of management
16 units and unit foresters.

17 MR. MARTEL: In your report, the one you
18 did yourself, Mr. Armson, I think you indicated that
19 unit foresters, part of the problem that MNR has had
20 over the years was the lack of numbers of unit
21 foresters; am I right; it says in your document of
22 seven or eight years ago?

23 THE WITNESS: Yes. In 1976, if I
24 recollect, Mr. Martel, I identified a number of
25 factors. One, that there were units that had --

1 perhaps even a unit forester, one unit forester where
2 they might have required more than one unit forester
3 and there are indeed units that had a -- it was very
4 similar in some respects to Dean Baskerville's
5 recommendation.

6 MR. MARTEL: And was there an increase at
7 that time in the unit foresters? I remember your
8 report and the emphasis you placed on that
9 particular -- I think you felt that that was one of the
10 main focuses or one of the main problems that was
11 involved at that time?

12 THE WITNESS: Yes, that is correct. I
13 was also concerned about continuity, which also Dean
14 Baskerville was.

15 I can't answer exactly the numbers, these
16 numbers I know because -- but in terms of my report, I
17 can't immediately recollect the total numbers nor what
18 in fact happened. There were changes, but I can't
19 honestly tell you, Mr. Martel, whether they went up or
20 by how much at that time. I can look into that.

21 MR. FREIDIN: If you wish that
22 information we can obtain that.

23 MR. MARTEL: If it is not going to take
24 too much time. I think when you were doing your
25 report, there was heavy emphasis on the lack of unit

1 foresters for some of the problems - I hope I am not
2 misinterpreting your report - but for some of the
3 problems of the day, it was because there were not
4 foresters in the field to...

5 THE WITNESS: I think, if I may, Mr.
6 Martel, there was some lack, but I also was concerned
7 about the balance in the areas of responsibility. I
8 think that was another element.

9 In other words, the absolute number might
10 or might not be appropriate, but the balance was also a
11 factor and also suggested.

12 MR. FREIDIN: We may have some
13 difficulties with hard numbers, but we will make the
14 enquiry and advise.

15 MR. MARTEL: If you have difficulty...

16 THE WITNESS: Item No. 15, if I may, Mr.
17 Chairman, is a fait accompli. I suppose that is the
18 one in which is continuing.

19 The area No. 5, the need to re-establish
20 confidence in the Ministry's forest resources inventory
21 which is used in current forest management planning.

22 There has over the years - and, Mr.
23 Martel, I think I made comments on this matter in my
24 report in 1976 - the concerns expressed about the
25 forest resources inventory, and although Dean

1 Baskerville came to a conclusion that, in terms of the
2 forest resource inventory, it was not an unreasonable
3 base to be used for forest management planning; he
4 particularly noted that it was poorly understood and
5 often misapplied, such that its credibility suffered
6 and was consequently challenged.

7 Dr. Rosehart, the President of Lakehead
8 University, and a small committee were asked to look
9 into this matter and make recommendations, and I
10 understand that that report has either just been
11 released or about to be released in the next -- either
12 yesterday or tomorrow.

13 MR. FREIDIN: It will be addressed with
14 the evidence in relation to the forest resources
15 inventory in the next panel.

16 MRS. KOVEN: Excuse me, which report was
17 this?

18 THE WITNESS: Dr. Rosehart's Report on
19 the forest resources inventory.

20 MR. FREIDIN: Q. Mr. Armson, can I just
21 take you back to Action No. 12, and that's the one
22 where -- I am sorry, Action No. 7, the one that dealt
23 with objective -- quantifiable objectives.

24 And I am just wondering, is it possible
25 for all objectives in timber management plans to be

1 quantified in the way that that term was used by Dean
2 Baskerville?

3 A. Well, if you have objectives and you
4 aren't capable of quantifying most of them or all of
5 them you have some difficulty. There are some times
6 objectives that cannot be quantified in an absolute
7 manner, but may be dealt with.

8 But, for the most part, if we are talking
9 about, for example, the production of timber or other
10 resources related to it, there is normally a manner of
11 identifying that and quantifying it.

12 Q. Now, Mr. Armson, that gets us to the
13 absolute end of the history which I understand that you
14 wanted to provide to the Board.

15 I am just wondering, as a means of sort
16 of wrapping it up, if you could go back to those
17 objectives, those nine objectives you referred to at
18 the beginning, and perhaps indicate how those
19 objectives were in fact -- those concepts -- I am
20 sorry, how the evidence from World War II to the
21 present, in fact, relates to those various concepts?

22 A. I would, first of all, suggest that
23 particularly since the 1940s, and especially in the
24 last decade and a half, the industry development in
25 response to both market demand and technological change

1 has been a major one.

2 And the best evidence I can offer of that
3 is the setting in place of totally new facilities - I
4 mentioned waferboard before - and the change in supply
5 and consumption of such species as poplar in the boreal
6 forest. In fact, in the mid-70s, I can recollect the
7 Ministry arranged workshops here, actually one in
8 Thunder Bay: What are we going to do with the poplar
9 in the boreal forest.

10 Now, we have areas where in fact, in
11 terms of poplar and utilization of poplar, it has
12 reached major proportions and, in fact, this is one of
13 the key elements in our management in certain areas and
14 for certain mills and products.

15 The change in access, as evidenced by the
16 tremendous increase in the road infrastructure, which
17 has meant that not only stands and areas of the forest,
18 species, can be moved and also managed in a way that
19 they couldn't before, but it has also provided for the
20 flow of materials to mills in a totally different
21 manner than occurred, let's say, even 20 years or 30
22 years ago.

23 The mechanism -- to move to the second
24 item, the mechanisms to deal with land use conflicts.
25 I indicated that from the period of World War I to

1 World War II essentially nothing happened.

2 I would suggest to the Board in the panel
3 1, as evidenced by what has happened in this province
4 in the last decade in particular, even in the last five
5 years, we have in place through the land use planning
6 process and District Land Use Guidelines, at least
7 mechanisms to deal with conflicts and we have in the
8 timber management planning process, in particular, a
9 process on a five-yearly basis for consideration of not
10 only of other uses, but ways in which those uses and
11 other values may be dealt with.

12 I believe the appreciation of timber is a
13 public resource which may have been minimal many
14 decades ago, is very much on many peoples' minds and,
15 again, is evidenced by the proceedings that are going
16 on here.

17 The fourth item in relation to
18 professional knowledge, I believe that we made some
19 major advances in our ability, the facility and the way
20 in which we can plan and implement forest and timber
21 management practices, again, as evidenced in the very
22 simplistic way by the site preparation, but by any
23 number of different areas of expertise and knowledge.

24 The definition of the land base and
25 description and inventory necessary for management

1 planning. We have an inventory process which is a
2 continuing one. We have in place at the unit level the
3 facility and capacity for updating. With modern
4 technology we are increasing our ability in that
5 respect.

6 The definition of the land base is very
7 clear and in terms of the definition, not only in terms
8 of the areas for management, but also the attributes
9 that are there, in addition to the forest - and I speak
10 here of soils and other values - we have again moved
11 rather in a major fashion in that respect.

12 We are still, of course, faced with trees
13 and forests that take a relatively long time to grow
14 and mature and, in order to assess the effects and the
15 effectiveness of timber manager activities, obviously
16 we cannot know the final impacts until we have lived or
17 recorded and documented over a period of time.

18 I think that I would draw to the Board's
19 attention that while we talk, for example, about growth
20 prediction and how the forest will grow, it is only in
21 those jurisdictions where they have been documenting
22 and managing forests for many decades that we have that
23 kind of information.

24 We do have similar European style
25 information, if you will, for red pine in southern

1 Ontario because we have been growing it for a matter of
2 over 65 years there. So we have documented growth
3 under various levels and intensities of management.

4 It is only after the forests have grown
5 under a management that we can be absolutely sure or
6 relatively sure what those impacts will be. That also
7 means that the efforts and the types of strategies and
8 how effective they may be can only be judged,
9 unfortunately, in hindsight; and all we can deal with
10 at the present is the most probable set of results
11 based on the knowledge of the day.

12 I don't think I have to emphasize how
13 well aware we are of the finite nature of the timber
14 resource and the need and necessity, if we are going to
15 maintain an industry, that there be a continuity of
16 that wood supply in the appropriate form and certainly
17 in an economic manner.

18 We also are well aware that in timber
19 management there are many other values and factors that
20 enter into our planning of the management of that
21 resource, and that in order to do this effectively and
22 to meet the requirements and concerns of the owners, we
23 must have appropriate information, we must be able to
24 analyse it and use it in the proper sense towards that
25 planning -- within the planning context and to meet the

1 objectives.

2 Finally, I guess as a professional
3 forester I have to come back and emphasize again that
4 forests are dynamic entities and that they are
5 continually changing; they will always change, and they
6 are an element which, in the context of this province,
7 is a most important one and the forest and the forest
8 lands in which we plan and on which we carry out
9 management are ultimately probably one of the biggest
10 single resources, besides the human one, that we have
11 in this province because of the extent and nature that
12 it comprises.

13 Thank you.

14 MR. FREIDIN: Mr. Chairman, those are my
15 questions.

16 THE CHAIRMAN: Thank you, Mr. Freidin.

17 Thank you, Mr. Armson.

18 The Board has a couple of more questions
19 for you.

20 EXAMINATION BY MRS. KOVEN:

21 Q. Mr. Armson, is most of the land in
22 the area of the undertaking under some sort of an
23 agreement for timber harvesting?

24 A. Approximately 70 per cent of the area
25 that is under licence is in forest management

1 agreements.

2 Now, the area that is under licence is
3 not the totality of that 385,000 square kilometres.
4 Offhand, I can't give you the number. It would be, I
5 believe, in the statistics document, if I could just
6 take a moment and look it up.

7 Yes, I can give you the area that is in
8 forest management agreements as of 1987. This is on
9 page 23 of the Statistics '77 document, and at the top
10 of that page it gives the areas in square kilometres as
11 of March 31, 1987 for the management units and it is
12 broken out by Crown management units which are two
13 hundred - there are 69 of those incidentally - 298,554
14 square kilometres. The forest management agreement
15 areas are 150,626 square kilometres.

16 So in other words, of the 385,000 total,
17 150,000 square kilometres are in FMAs.

18 Q. Now, when you were talking about
19 forest management, the chart you have shown us is
20 primarily in the northwest area?

21 A. That's correct.

22 Q. And that's the centre of forest
23 fires?

24 A. Well, that's the area with the
25 highest frequency of forest fires and where some of our

1 largest -- in recent years, some of our largest forest
2 fires have been.

3 In past decades, there have been some
4 major fires in other areas. The Mississagi fire of
5 1948 was a very major one in the area of Chapleau south
6 of White River in the Chapleau area. There have been
7 major fires -- I referred to one when I showed the
8 picture of the root system of the jack pine, the
9 Matheson fire in our northern region, but really
10 northeastern Ontario.

11 They have occurred throughout, but the
12 frequency certainly is greater in the northwestern part
13 of the province.

14 Q. Now, what happens with an FMA
15 agreement - and I know that they are absolutely large
16 tracts of land - and this is probably just a
17 theoretical consideration, but what happens if there
18 are very large fires in an area that Ministry -- or a
19 company intends to harvest?

20 If they can't go into that area, I don't
21 remember, for 65 or 100 years or whatever, is there
22 some alteration made in the area that they are allowed
23 to harvest, or are the areas so large that that is
24 never a concern?

25 A. No, that is a very real consideration

1 and there have been, on areas in forest management
2 agreements, large areas of fire.

3 In fact, one company just a few years ago
4 in this region had their area in which they were going
5 to operate for virtually a ten-year period totally
6 wiped out by fire. There has then to be a major
7 amendment to the timber management plan, as we now know
8 it, and a reallocation, and this is one reason why in
9 areas where fires do occur - and this generally extends
10 throughout the region, but with greater frequency, as I
11 said, in northwest.

12 If you were to limit the area, in other
13 words, say a mill has a certain demand, certain size
14 demand and say: Well, all right, if we draw an area
15 around an area forest and say that, in terms of the
16 current state of management, we can supply so much wood
17 and make no allowance for losses due to fire and you
18 saw the -- we have to make some sort of an estimate on
19 the basis usually of past and recognize that there will
20 be losses and depletions that will occur by factors
21 that we basically have little control over.

22 So I think you will find that generally
23 if one looks at large areas and says: Well, why is the
24 area so large in part - I won't say all of them - it is
25 because we recognize that there are probabilities of

1 losses and we know from history that they will occur,
2 that can be very serious and cause a total shift in
3 both the planning and the area of operation.

4 EXAMINATION BY MR. MARTEL:

5 Q. One question. From 1983 - going back
6 to your statistical analysis - 1983 to 1987 there has
7 been a constant almost of the companies who have
8 licensed but have not been moving towards, obviously,
9 entering an FMA.

10 Is there some sort of effort being made
11 to get those licencees to move to FMAs? There are 14
12 outstanding -- in '83 there were 13 and in '87 there
13 are still 14 outstanding on page 23, Mr. Armson.

14 What's occurring there?

15 A. Well, I believe - and I am going by
16 recollection - some years ago there was a statement
17 that was made by the Minister of the day about all the
18 major companies having forest management agreements.
19 The normal process is a company indicates that it
20 wishes to enter into it.

21 One of the key factors that it enters
22 into this is when a company enters into a forest
23 management agreement, there are obligations by the
24 company, but there are also obligations by government
25 in terms of the funding for silviculture and the

1 funding in terms of agreements for access. And I would
2 suggest, Mr. Martel, that there is obviously not an
3 unlimited supply of funding and that may well be a
4 factor that could constrain the numbers of FMAs.

5 There is another element that I would
6 suggest to you and, that is, that from the outset one
7 of the concerns that a number of persons had - and I
8 was one of them as a result of looking in other
9 jurisdictions - was that it should not come about that
10 the Ministry or the government representing the
11 landowners would in a sense "delegate" - I use the word
12 in quotation marks here - would in fact have the
13 responsibility for undertaking all timber management
14 activities by industry.

15 One of the clear pieces of evidence that
16 I saw in British Columbia in the mid-70s was under the
17 Tree Farm Licence System whereby industry does carry
18 out that; the government at that time did not carry out
19 any significant timber management activities and,
20 therefore, it had no real expertise or ability to
21 monitor or judge the efficacy or appropriateness, and
22 it led to a number of situations, one of which was a
23 continual wrangle really over what should be done and
24 how it should be done.

25 And one of the elements here is not to

1 have all Crown units or Crown timber lands managed by
2 the industry as such and that on a number -- a certain
3 number, and Crown units in representative areas, that
4 that management responsibility be fully that of the
5 Ministry although obviously licencees - the smaller and
6 middle size licencees - might well be carrying out the
7 harvesting.

8 But this is where the integration comes
9 about as a result of the Crown management unit forester
10 unit.

11 Q. But you are doing the reforestation
12 or you are responsible for it?

13 A. We are very much responsible for it,
14 yes.

15 Q. More so than the FMAs in the sense
16 that you have to--

17 A. Yes, that's correct.

18 Q. --do contracting for people to do the
19 work in those areas?

20 A. That's correct.

21 THE CHAIRMAN: Thank you.

22 MR. FREIDIN: Is it appropriate for me to
23 ask a question arising out of those questions or not?

24 THE CHAIRMAN: Well, you can save it
25 until the end if you want, but it might be just as

1 expeditious for you if you just cleared up any
2 clarification you want at this stage from the Board's
3 questions.

4 RE-DIRECT EXAMINATION BY MR. FREIDIN:

5 Q. Just one matter of clarification.

6 Mr. Armson, you referred to page 23 of the Statistics
7 and these are the Statistics for Ontario?

8 A. That's correct.

9 Q. Are these numbers you read, are they
10 numbers for the province or for the area of the
11 undertaking?

12 A. No, these are for the province. Ms.
13 Koven was interested in the area of the forest
14 management agreements, in particular, and I believe all
15 forest management agreements, the total - and these are
16 total areas - are within the area of the undertaking.
17 So it is the area for the forest management agreements
18 in particular that you would be interested in.

19 The areas apply, yes, to the province,
20 not necessarily only in the area of the undertaking.

21 MR. FREIDIN: Thank you.

22 THE CHAIRMAN: Thank you.

23 Mr. Cosman, are you ready to examine this
24 witness.

25 MR. COSMAN: Yes.

1 CROSS-EXAMINATION BY MR. COSMAN:

2 Q. Now, Mr. Armson, I wonder if you
3 might take a look at Exhibit 54 which is the one-page
4 summary that you prepared.

5 A. Yes.

6 Q. And with respect to paragraph (a),
7 you indicate that:

8 "Forest industry development responds to
9 changes in market demand, and changes in
10 access to timber."

11 By access to timber, I presume we are
12 talking about road access?

13 A. We are talking exclusively about
14 access on the land, yes.

15 Q. Now, Mrs. Koven may have elicited an
16 answer to this question in her question to you, and I
17 think you did in the body of your evidence, but would
18 it be fair to say that you should add here as well:
19 And changes to the forest resulting from natural forces
20 such as fire, insects?

21 A. Yes.

22 Q. Now, I want to ask you a number of
23 questions to compare the natural harvest of the forest
24 that you have described in your evidence with the
25 harvest of the forest by man.

1 Now, you have described the life of the
2 forest, you have described how trees, like all living
3 creatures, do not live forever, they mature, they grow
4 to maturity and they die eventually.

5 My understanding of your evidence is that
6 if forests are not harvested by man, then eventually
7 they are going to be harvested in some other fashion;
8 by nature, by fire, by insects, by disease, there are
9 natural methods of harvest that exist?

10 A. That's correct.

11 Q. Now, you have described the natural
12 ability of the forest to regenerate itself; that is,
13 after these natural harvests, but with respect to
14 harvest by man, is it fair to say that clear-cutting as
15 a harvesting method duplicates the effects of natural
16 changes caused by fire or spruce budworm?

17 A. It duplicates certain of those
18 effects, certainly, some of the more significant ones,
19 but it differs in other respects. I can elaborate--

20 Q. Yes, please.

21 A. --on that to some degree.

22 If we take fire - and this will also have
23 some element of relationship to insects - but
24 particularly fire, as I indicated in the exhibits, fire
25 occurs over relative extensive areas and most of the

1 above-ground - I hate to use another piece of jargon,
2 but we use the word biomass for all the biological
3 material that is there - is consumed, except the stems,
4 many of the stems which are left, but certainly the
5 crowns and much of the material and it is converted to
6 ash, which are mineral elements for the most part and,
7 therefore, there is a very rapid conversion of that
8 large amount of organic material, much of -- some of
9 which goes up in smoke and the other which falls down
10 and is present as ash.

11 It also consumes to a varying degree,
12 again depending on the circumstances, some part of the
13 forest floor, the organic layer. So those are givens.
14 And then as a result of wind, as I indicated, the
15 standing dead stems are blown over and fall over and so
16 on. So you get a patchwork fashion.

17 In clear-cutting, all of the standing
18 forest material may in fact be removed. In
19 clear-cutting, it isn't necessarily all the material,
20 but much of it is removed, and depending on the method
21 of harvesting and objectives related to the
22 clear-cutting, there may be greater or lesser amounts
23 of biological material in the form of leaves and
24 branches and twigs left. These are not in fact
25 consumed.

1 But they enter into the process of
2 decomposition on that clear-cut area, and the process
3 of decomposition is accelerated normally on that
4 clear-cut, not in exactly the same way as burning the
5 material and creating ash and then, if you like,
6 increasing the fertility, but in a slower way and it
7 contributes to an increased soil facility by means of
8 that decompostion.

9 So there is a parallel there, although
10 the processes are quite different. And the time frame
11 over which they occur is quite different. So, in that
12 respect, the result of clear-cutting and the result of
13 a forest fire in general, you get an increase in the
14 fertility of the soil on one hand in the mmediate and,
15 on the other hand, gradually slower one of release
16 basically as a result of the decompostion.

17 The revegetation of the fire -- of the
18 area that has been burnt or the area that has been
19 clear-cut, again, is normally very rapid in the case of
20 a fire because of the very immediate increase in
21 fertility; it is often very rushed vegetation, even in
22 the first season if you have an early summer fire.

23 In the case of clear-cutting, some of
24 that revegetation may in fact be adverse to vegetation
25 already there that hadn't obviously been consumed, less

1 herbaceous and lesser woody material.

2 You also have a revegetation in the
3 clear-cutting where there has been no major disturbance
4 or consuming of the forest floor of suckling and so on
5 from poplar to a much greater degree. So there is
6 revegetation but, again, the nature of that
7 revegetation and, in fact, if you like, the rate at
8 which it revegetates -- not revegetates, but which it
9 grows, either existing or new, will vary or depend
10 there. So in that sense there is a parallel, but again
11 we are dealing with differences in rates and the nature
12 of the material.

13 In terms of opening up the area
14 climatically, if you will, they are indeed very
15 similar. In a clear-cut where everything standing is
16 removed; that is, of the tree, then it is completely
17 open. Whereas in a fire - as you saw in the aerial
18 photograph of Red Lake 7 - immediately following the
19 fire, there are standing stems and they provide sort of
20 a travelling shade, probably minimal difference in that
21 respect, because even in the clear-cut you have lesser
22 vegetation which is shading the surface of the soil.

23 So I guess the differences there are a
24 matter of degree and rate rather than of an absolute
25 difference in many instances.

1 But is this the...?

2 Q. Yes, it is. Thank you, sir.

3 But can I say that what appears to the
4 uneducated eye as a devastation, in either case, is
5 really a stage in the natural life of the forest, the
6 trees in the forest, their life comes to an end either
7 naturally through fire, or disease followed by fire, or
8 by harvest; but in any extent, to the uneducated eye
9 that looks at this devastated area, to that uneducated
10 eye, that person is really seeing the beginnings of a
11 new forest which has yet to fully blossom; is that
12 fair?

13 A. Well, I think it is fair to say, I
14 would put it this way: That to the uneducated eye,
15 obviously what they see and perceive, which is reality,
16 is perhaps not understood in the way that somebody who
17 knew the elements and the components and the aspects
18 that were related to it would understand.

19 And in that sense, yes, they don't --
20 they have a different understanding of it and I would
21 suggest that, if I may, one of the elements is the time
22 frame over which things happen is a very key element
23 and that is --

24 THE CHAIRMAN: Isn't the point really
25 that you are always viewing whatever happened in the

1 forest at a moment in time, at a particular point in
2 time?

3 THE WITNESS: That is correct, Mr.
4 Chairman.

5 THE CHAIRMAN: You cannot really see at
6 any given time the whole picture, like the whole site?

7 THE WITNESS: That's correct. I suppose
8 the foresters, because of the nature of their
9 responsibilities, have the tendency to see more of a
10 recurring snapshot over time rather than the one
11 instance and then not see it.

12 MR. COSMAN: Q. And is it fair to say
13 that whether the forest is harvested by man or by
14 nature, it is really wishful thinking to believe that
15 that forest can just remain exactly as it is; it is
16 romantic perhaps, but it is wishful thinking?

17 A. I do not know of any permanent forest
18 in the sense that it remains static because all
19 biological organisms...

20 Q. All right. I would like to refer to
21 a statement made by the author of the 1947 Royal
22 Commission Report on Forestry; that is the Report of
23 Mr. Kennedy that you referred to in your witness
24 statement.

25 A. Yes.

1 Q. And I am going to put to you a
2 statement that he makes at page 20 of his Report and
3 ask whether you agree or not with it. And this has to
4 do with the ability of forests to recuperate.

5 Now, he says:

6 "Another striking impression gained is
7 that of the tremendous capacity of the
8 forests to heal the wounds made by both
9 man and nature."

10 And do you agree with that?

11 A. Yes, I do.

12 Q. Is that as true now as it was in 1947
13 when Mr. Kennedy made the statement?

14 A. Yes, it is. And, if I may, I refer
15 to the Board -- I believe I used the word resilient in
16 relation to the ability of the forest and forest
17 management to respond.

18 Q. Okay. I want to go to another point
19 now, Mr. Armson.

20 You spent some time elucidating on the
21 history of the forest industry, and I don't want to
22 focus on that - as important as it is in understanding
23 the present - I want to focus a few questions on the
24 new regime rather than the ancient regime or the old
25 regime.

1 In your opinion, has the forest industry
2 under the FMA regime shown a commitment to the proper
3 management of the timber resource of this province?

4 A. Yes, and if I would refer to evidence
5 of that, I would suggest that the documents chronicling
6 each of the five-year reviews would be the best
7 evidence that I could cite in support of my view.

8 Q. There was some discussion about
9 penalties for breach of those agreements, in a
10 theoretical sense that discussion took place.

11 What has been the record of industry
12 performance in meeting the objectives set out in those
13 agreements as the audits have shown?

14 A. The audits have shown that the
15 industry has not only met many of the objectives and
16 targets, but in fact has been, in many instances -- not
17 in all, but in many instances has over exceeded those
18 targets or objectives.

19 Q. And that would be true, would it not,
20 in respect of the regeneration efforts of the
21 companies?

22 A. That is particularly true.

23 Q. At page -- this is the page numbers
24 with respect to your witness statement, but it is page
25 132 of your own report where you -- and perhaps I can

1 refer to it.

2 The top right-hand numbering, I am
3 referring to the numbering for purposes of the hearing.
4 You say in the second paragraph, page 132, and this is
5 in respect of -- now, this is your report in advance of
6 the FMA system coming into existence?

7 A. That's correct.

8 Q. But you say at that time, in the
9 second paragraph:

10 "The licensee must have tenure and
11 incentives if he is to undertake any
12 meaningful forest management
13 responsibility and he must have a degree
14 of confidence in his relationship with
15 the Crown. "

16 Would you elucidate on why that is your
17 view -- why that was your view at the time?

18 A. Well, this view came about as a
19 result of, I guess, three things. First of all, in
20 talking with and visiting other jurisdictions where
21 industry had assumed responsibilities for management,
22 they made it quite clear to me that in assuming those
23 responsibilities the, what is termed the security of
24 tenure, in other words, the areas under which they took
25 those management activities, they had to have some

1 sense and be assured that the improvements that they
2 would bring about, even though these were public lands
3 in terms of regeneration and subsequent activities --
4 and the jurisdiction incidentally, Mr. Chairman, I am
5 referring to is British Columbia and the Tree Farm
6 Licence System.

7 They were making, in some cases, some
8 major investments to increase yields and increase
9 growth, and without a long-term assurance, given the
10 fact that those stands that they were treating may be
11 aged 10 or 20 would not be harvested for several
12 decades after that, they wanted to have some sense of
13 assurance that that increased yield or the results of
14 their management practices, that they would be able to
15 benefit from them. So that is one of the elements.

16 The second element that I would refer to
17 as being behind that statement were the discussions
18 that I had with senior company executives in Ontario
19 and asked them why, for example: although they may have
20 had large licences, the mills which were supplied with
21 wood from those licences were often mills that the
22 company had set in place many decades ago, the company
23 was still there, it had a commitment to being there,
24 and I asked: Well, if you have your mill here and you
25 have obviously made investments, in some cases

1 reinvested in terms of modernization; why, under the
2 existing system, do you not in fact move towards
3 assuming responsibilities for management. And the
4 consistent reply that I got was --

5 MR. CASTRILLI: Excuse me, Mr. Chairman.
6 I believe that the witness is again referring to
7 comments made to him by someone else.

8 I am concerned about the hearsay nature
9 of this and I ask that the question either be withdrawn
10 or rephrased or the answer given in such a matter that
11 we don't have further hearsay.

12 MR. COSMAN: Mr. Chairman, if I may
13 respond to the objection that was taken.

14 As this Board well knows, the hearsay is
15 admissible in this proceeding by virtue of the
16 Statutory Powers Procedure Act, on some matters of
17 extreme importance, such as the one that my friend
18 referred to earlier, the Board may ask for or parties
19 may bring before the Board direct evidence, but there
20 can be no objection to hearsay evidence.

21 THE CHAIRMAN: Yes, Mr. Castrilli, I
22 think it is Section 15 of the SPPA indicates that the
23 Board may admit evidence, otherwise inadmissible in a
24 court of law, such as hearsay, and is obliged to give
25 it the appropriate weight that the Board deems proper

1 in the circumstances.

2 So that throughout these proceedings, as
3 throughout the proceedings held by this Board or Joint
4 Boards under the Consolidated Hearings Act, often
5 parties do present hearsay evidence and the Board is
6 fully aware of the voracity to be given to hearsay
7 evidence and will normally give it the appropriate
8 weight, but that does not necessarily mean that it is
9 inadmissible.

10 MR. COSMAN: Q. Would you please
11 continue, sir.

12 A. Yes. Well, very briefly then,
13 persons did express to me their concern for some
14 arrangement or mechanism whereby they felt that they
15 had that assurance of security of tenure.

16 The third factor, and I would hasten to
17 add this was my own conclusion --

18 MR. COSMAN: And perhaps just before you
19 do so, even in the court of law, Mr. Chairman, expert
20 witnesses may refer to and reply upon hearsay evidence
21 in giving their opinion and it is in a different
22 capacity -- different capacity than hearsay with a lay
23 witness.

24 THE WITNESS: I personally --

25 THE CHAIRMAN: It sounds like an evidence

1 course here.

2 I think you are quite right and I think
3 Mr. Castrilli will acknowledge that that is an
4 exception to the hearsay rule, even in the courts.

5 MR. MARTEL: A clarification.

6 THE WITNESS: Yes, Mr. Martel?

7 MR. MARTEL: Number one, you said that
8 they wanted assurance that they, in essence, would be
9 the people who would result from the benefits of their
10 efforts; am I right?

11 THE WITNESS: That's correct.

12 MR. MARTEL: What is the difference then
13 with a mechanism of wanting security of tenure; isn't
14 that pretty well the same?

15 THE WITNESS: Yes, and this is what they
16 were looking for. And if I may, Mr. Chairman, this is
17 what, in the Tree Farm Licence System, their original
18 tree farm licences were permanent, they had no defined
19 time period.

20 That has been changed, but they had
21 actually -- in the initial ones, the company entered
22 into a tree farm licence for an area and that was it,
23 period.

24 THE CHAIRMAN: But they could be revoked
25 at some point, I take it, at any time?

1 THE WITNESS: Yes, but in terms of the
2 licence it didn't have a time frame. In considering
3 this - and this is my own reasoning - if I may, the
4 third factor, it seemed to me that considering the time
5 frame in which we in this province are concerned with
6 the results of timber management practices concerning
7 the historical record of basic commitment by the
8 industry, generally - I am not speaking about a
9 particular - and concerned with also the fact that if
10 the landowner was ensuring, by means of whatever
11 agreement, that there was appropriate maintenance of
12 productivity - if I can put it in those general terms -
13 that there was -- the appropriate timber management
14 practices were being undertaken. No matter by whom,
15 then in fact the lands and the forest was there -
16 unless it was consumed by natural causes - and. In
17 fact. The agreement holders might indeed come and go
18 and there might be changes in the nature of those
19 agreement holders, but the results accumulated
20 year-by-year were there, and if one could bring about a
21 better accommodation, then any mechanism which did
22 that, which said in effect: Here is an assurance of
23 tenure, would be something that would move both the
24 landowner and the province, in that sense, and the
25 industry.

1 And that was the reason why I suggested
2 in this report that some form of - not a permanent
3 agreement - but what is termed, and I found a very
4 useful term if I might say out West - whereby there was
5 a time frame when it became a time frame with a
6 continual opportunity where the obligations would be
7 reviewed. And those were the three elements that lay
8 behind that statement, Mr. Cosman.

9 THE CHAIRMAN: The benefits from these
10 agreements flowing to, in effect, the licensee or the
11 agreement holder they are non-assignable and they
12 cannot be assigned, as I understand it--

13 THE WITNESS: No, that's correct.

14 THE CHAIRMAN: --without the, at least
15 the consent of the government.

16 THE WITNESS: The Minister -- yes,
17 because these lands and timber are still public Crown
18 timber.

19 MR. COSMAN: Q. Mr. Armson, I would like
20 to refer to another matter that you gave evidence on,
21 that of storage of wood on the stump.

22 A. Yes.

23 Q. You answered some questions in
24 respect to that, and I would like to ask you several
25 questions as to the relationship between storage of

1 wood on the stump and road building.

2 First, I might start by referring to a,
3 or by putting to you a statement made by Mr. Kennedy in
4 his Report at page 20 and asking you whether you agree
5 or disagree with that statement. And this is what he
6 says at page 20 of his Report:

7 " Mention of the lack of roads necessary
8 for rational development of the forests
9 cannot be neglected. Without a
10 tremendously expanded road system, we
11 cannot hope to practise sound
12 silvicultural methods."

13 Do you agree or disagree with that
14 statement?

15 A. I agree.

16 Q. Why?

17 A. Because, as I believe I have made
18 clear to the Board, that if you cannot reach the
19 forests which you wish to manage, and particularly when
20 you cannot reach the forests which, in biological terms
21 and indeed in economic terms, warrant attention, then
22 you are inevitably hamstrung in your attempts to manage
23 that forest in an appropriate manner.

24 So access becomes a very immediate
25 concern in the implementation of timber management.

1 Q. Perhaps I can put this in the context
2 of one of the exhibits that you have produced. I think
3 it is found at page 80 and 81 of the witness statement,
4 one of these is the spruce working group, age class
5 imbalance. I think there was an overhead or coloured
6 slide that went with that.

7 A. Yes.

8 Q. I think we can just deal with the
9 page in the witness statement itself. I think that
10 page 80 would be sufficient.

11 Now, you explained this document - and I
12 won't go over that with you - but, as I understand your
13 evidence, you indicated that there was a preponderance
14 of over-mature wood; that is, over the rotation -- you
15 indicated at the bottom, that spruce has a 75 to 100
16 year plus rotation, the oldest wood is shown in the
17 last two bars from 101 to 121 year plus.

18 A. Yes.

19 Q. Now, you indicated that in order to
20 store wood on the stump you have to take into account
21 the particular characteristics of different stands?

22 A. That is correct.

23 Q. Now, if the harvest rate is geared to
24 the depletion of older age classes over time, is wood
25 flow not uneven to the extent of the unevenness in the

1 bar graph that is shown?

2 A. That is correct.

3 Q. Well --

4 THE CHAIRMAN: Do you want to run that by
5 us just once more slowly.

6 MR. COSMAN: All right.

7 Q. My question was that if the harvest
8 rate is geared to depletion of older age classes over
9 time, because if you don't get to those they are going
10 rot, die, burn?

11 A. That's right.

12 Q. But I asked: Is wood flow not uneven
13 to the extent of the unevenness in the bar graph?

14 A. Yes.

15 Q. And your answer was yes to that?

16 A. Yes.

17 Q. Why would that be so?

18 A. That would be so because, and this is
19 where we are referring to the "ideal of the normal
20 forest", this is a graph illustrated area, not
21 necessarily volume, but in this graph we are looking
22 at -- if you do not have relatively equal areas in
23 terms of age class - assuming that those areas
24 represent similar conditions - then you will not get
25 that because, as the age class, for example, of 41 to

1 60, if you assume that the demand for the mill is - and
2 I use this graph merely in a hypothetical sense - is
3 something in the order of two, it says, millions of
4 hectares, I don't think that would be the norm.

5 If you take that across to the end and
6 say: Well, the 121+ age class can easily satisfy that
7 and there will even be a bit left over, I think if you
8 were to take that away, then in the next 20-year
9 period, the bar graph moves up and you have again "some
10 left over", the stuff that is left over is growing
11 older and, in fact, is deteriorating at an increasingly
12 rapid rate.

13 So what is left over isn't stored any
14 more. And sooner or later the 41 to 60 age class
15 appears over time and, whoops, you may -- assuming your
16 demand has remained constant, you reach a point where
17 there isn't anything there.

18 Now, what in fact -- this is the problem
19 that we have in may -- how do we affect a compromise
20 which will provide for some future flow, at the same
21 time deal with harvesting the "oldest age" - not the
22 very oldest necessarily - but the mature age classes
23 and move back to a better balance.

24 That, in fact, is what much of our timber
25 management decision-making in the long-run has to be

1 about if we are going to sustain a continuing flow.

2 Q. So what we are talking about here, as
3 I understand it, is an enhanced access?

4 A. Yes.

5 Q. So that what you can do is you can
6 move to the wood that has to be cut?

7 A. Yes.

8 Q. You can leave another stand -- other
9 wood on the stump, but come back to it in ten years,
10 but you couldn't do that if you didn't have the roads?

11 A. That's right.

12 Q. So that in conclusion on this point,
13 road building isn't just a question of access for the
14 purpose of harvesting by the company, it is essential
15 to the silvicultural efforts of the companies?

16 A. It is essential to the proper
17 management of the public forest lands, as well as those
18 other factors, but I would say, in the long-run, it is
19 the public forest lands and the public that will
20 benefit as owners.

21 Q. Thank you. Now, a question was asked
22 to you about the payment for roads and for
23 silvicultural activities, and I don't want to
24 compare -- I don't want you to compare the funds that
25 were raised, that are raised by taxes and levies from

1 the forest industry with respect to the funds that are
2 put back into the industry through the funding of roads
3 on Crown lands or silvicultural activities, but I just
4 want to ask you one very specific question:

5 Apart from the amounts that are raised by
6 taxes and fees, setting that aside, does the government
7 pay the actual cost of all silvicultural activities and
8 road building by the forest industry companies?

9 A. No.

10 MR. COSMAN: Those are my questions.

11 THE CHAIRMAN: Very good, Mr. Cosman.

12 Thank you.

13 Ladies and gentlemen, I think we will
14 take the mid-afternoon break at this point.

15 I am not sure whether there are any
16 parties remaining who are essentially in support of the
17 application. I don't see any of them here and, if not,
18 then we will proceed with Mr. Castrilli after the
19 break.

20 Are you ready to go, Mr. Castrilli?

21 MR. CASTRILLI: Yes, I am, Mr. Chairman.

22 THE CHAIRMAN: Very good. Thank you.

23 We will be back in 20 minutes.

24 ---Recess at 3:35 p.m.

25 ---Upon resuming at 4:10 p.m.

1 THE CHAIRMAN: Thank you, ladies and
2 gentlemen.

3 I apologize for the delay in getting back
4 here every once in a while, but I am trying to run an
5 office from my fax machine in the other room and just
6 some times I cannot make it back in 20 minutes. We
7 will sit maybe a bit longer if we have to to make up
8 for it.

9 MR. CASTRILLI: Actually, Mr. Chairman,
10 it would be helpful to me to know approximately until
11 when you would like to sit this afternoon, so I could
12 break off at an appropriate point.

13 THE CHAIRMAN: You first. How long do
14 you anticipate being?

15 MR. MARTEL: How many days?

16 MR. CASTRILLI: How many days? Well,
17 after my previous prediction was off by a factor of a
18 hundred...

19 THE CHAIRMAN: That's good for lawyers.

20 MR. CASTRILLI: I would estimate one to
21 • two days.

22 THE CHAIRMAN: One or two days?

23 MR. CASTRILLI: One to two days.

24 THE CHAIRMAN: One to two days.

25 MR. CASTRILLI: So that I presume

1 approximately some time next Wednesday.

2 THE CHAIRMAN: Okay. Well, it is
3 obvious, in view of tomorrow morning's discussion, that
4 we are not going to finish with Mr. Armson this week.

5 You are going to be back in any event
6 during the course of this hearing, so we will probably
7 finish off the cross-examination next week, and I take
8 it Mr. Hunter will wish to cross-examine as well. Do
9 you know that? Oh, he does not plan to cross-examine
10 Mr. Armson.

11 Okay. I do not know if there is any
12 other parties who plan cross-examination? Is there
13 anybody here that -- Mr. Williams?

14 MR. WILLIAMS: I will wait.

15 THE CHAIRMAN: You will wait?

16 MR. WILLIAMS: Yes.

17 THE CHAIRMAN: How long do you intend to
18 be; can you give us an idea?

19 MR. WILLIAMS: We will see how much meat
20 Mr. Castrilli takes out of my preparation. I will be,
21 at the moment, half a day or a little longer.

22 THE CHAIRMAN: Perhaps we can just
23 commence -- oh, Ms. Seaborn.

24 MS. SEABORN: We expect to be a couple of
25 hours.

1 THE CHAIRMAN: A couple of hours. And
2 Mr. Edwards may wish to cross-examine as well.

3 MR. COSMAN: It seems realistic, Mr.
4 Chairman, that we won't be starting Panel 3 until next
5 week given that scenario. If my friend here is going
6 to be two days, as he says, and with the others -- I am
7 thinking in terms of bringing up advisors from
8 different...

9 THE CHAIRMAN: Yes.

10 MR. COSMAN: Maybe we should wait until
11 tomorrow.

12 THE CHAIRMAN: All right. I think that
13 would probably be wiser.

14 Let's find out how much of the
15 cross-examination we can spend, or how much time we can
16 spend on cross-examination tomorrow and it will
17 probably not be until later in the morning, I suspect,
18 and you have to bear in mind that we have to be out of
19 here by about two in order to get back.

20 Then we will get into Wednesday of next
21 week, Thursday we are sitting, Friday as well I
22 believe. We have a shortened day on Friday. It is
23 hard to say, Mr. Cosman. So let's wait until tomorrow
24 and give you an idea.

25 Today I think we might plan to sit - if

1 it is okay with everyone - until about 5:30. We are a
2 bit delayed in re-starting after the break.

3 Thank you.

4 MR. CASTRILLI: Thank you, Mr. Chairman.

5 CROSS-EXAMINATION BY MR. CASTRILLI:

6 Q. Mr. Armson, I would like to begin
7 with some of the testimony you gave yesterday. As I
8 believe I took down your testimony early yesterday, you
9 indicated that subsequent to your joining the Ministry
10 of Natural Resources in 1978 you were involved in the
11 preparation of three documents, and I believe one was a
12 draft agreement between the Minister and agreement
13 holders; and, secondly, were amendments to the -- or
14 what eventually became amendments to the Crown Timber
15 Act Section 6 dealing with FMAs; and, thirdly,
16 preparation of the Forest Management Manual for the
17 Province of Ontario dated 1980.

18 Do you recall giving that evidence?

19 A. Yes, those were three documents I was
20 involved in in the preparation after joining the
21 Ministry in '78. .

22 Q. Thank you. Just with respect to the
23 last referred to document, the Forest Management Manual
24 for 1980, and this is really for clarification
25 purposes, I don't think I was quite clear on what it

1 was you indicated with respect to that document.

2 Was it your testimony that the Forest
3 Management Manual for 1980 called for or established a
4 procedure for public participation in relation to the
5 formulation of FMAs?

6 A. It did not establish a procedure, it
7 stated that in the course of the preparation of the
8 forest management plan - and I cannot recall the exact
9 words - but it called for participation or involvement
10 of the public.

11 Q. I am wondering if you might - it
12 doesn't need to be done now - I am wondering if you
13 might, over the course of this evening, review that
14 document. I don't really plan to file it, but I would
15 appreciate it if you could advise me where in the 1980
16 Forest Management Manual that is indicated, unless you
17 know where it is now?

18 A. I believe, Mr. Chairman, I can find
19 that for Mr. Castrilli right now if...

20 Q. If it won't take a lot of time. We
21 are going to be here tomorrow, so you could leave it.

22 I'll give you my copy.

23 A. Yes, if I may, Mr. Chairman. On page
24 15, the second paragraph of the document I have been
25 given the statement -- I will read the sentence that is

1 there:

2 "Further, during the preparation of the
3 management plan there must be
4 opportunities when public information and
5 Participation concerning the
6 Agreement area are assured."

7 Q. That's the context in which your
8 comments were made; is that correct?

9 A. That's correct.

10 Q. Thank you. Are there any other
11 places in the manual where there is reference to public
12 participation, to your knowledge?

13 A. I can't recall any.

14 Q. Thank you. Mr. Armson, you are
15 qualified yesterday by Mr. Freidin as an expert on
16 forestry, silviculture, silvics, forest soils, forest
17 history and forest policy; is that correct?

18 A. That is correct.

19 Q. Would you confirm for me that you are
20 not an expert on entomology?

21 A. That is correct.

22 Q. Could you confirm that you are not an
23 expert on herbicides or pesticides?

24 A. That is correct.

25 Q. Could you confirm for me that you are

1 not an expert on biological control methods for pests?

2 A. That is correct.

3 Q. Would you confirm for me that you are
4 not an expert on non-chemical alternatives to
5 herbicides and pesticides?

6 A. That is correct.

7 THE CHAIRMAN: Sorry, Mr. Castrilli, what
8 was the third category after pesticides?

9 MR. CASTRILLI: Biological control
10 mechanisms.

11 MR. MARTIN: The next one was...?

12 MR. CASTRILLI: And the last one was
13 non-chemical alternatives to herbicides and pesticides.

14 Q. Now, Mr. Armson, in your testimony
15 given, I believe it was this morning, you refer to a
16 manual for timber management dated or written in 1948?

17 A. That is correct, there was a manual
18 in 1948.

19 Q. I am wondering if I could ask you to
20 undertake to provide a copy of that manual to the
21 Board?

22 A. Yes.

23 Q. Sorry, I don't believe the reporter
24 can hear?

25 A. Yes, I believe we will.

1 Q. Thank you. You also referred in your
2 testimony today to regeneration agreements drafted in
3 1964. I didn't recall the comment. Was that in the
4 context of the 1962 amendments?

5 A. No, that was a further amendment in
6 1964 which provided for the Minister to enter into
7 regeneration agreements.

8 Q. Okay. So that was a 1946 amendment.
9 Could you undertake to provide a copy of the standard
10 form regeneration agreement that you referred to from
11 that 1964 manual?

12 A. I believe we can do that, yes.

13 Q. Thank you.

14 MR. FREIDIN: I think these are
15 documents, it sounds to me, that we should be producing
16 to Mr. Castrilli and not -- as opposed to giving them
17 to the Board.

18 MR. CASTRILLI: I am content, but it is
19 up to the Board if they want a copy as well.

20 THE CHAIRMAN: Well, you are going to be
21 leading questions on these or not?

22 MR. CASTRILLI: I may have to, once I see
23 them.

24 THE CHAIRMAN: I see.

25 MR. COSMAN: Mr. Chairman, I think for

1 the purposes of public discovery, it seems to me to be
2 inappropriate. We don't know how and in what nature
3 they should go in when none of us have seen them,
4 specifically seen all of them.

5 THE CHAIRMAN: Well, I do not think they
6 should be filed with the Board until you have had an
7 opportunity to look at them, see if you are going to
8 pose any questions and allow the other parties a chance
9 to object before they can go in.

10 MR. CASTRILLI: That's fine. It may well
11 that because of the nature of some of these -- these
12 are references that are not otherwise in the written
13 evidence and, as a result, some of them may actually be
14 more applicable to be asked to subsequent panels.

15 But since Mr. Armson gave the testimony,
16 I assume I can obtain the information from him now and
17 decide whether I am going to cross now or later.

18 MR. COSMAN: I am sorry to rise again,
19 Mr. Chairman, but isn't this something which is
20 something of a fishing expedition and could have been
21 obtained through an interrogatory. We have been
22 working on that basis and, through an interrogatory, it
23 could save lot of time, as everybody here has done.

24 MR. CASTRILLI: I have no objection to
25 that, but as I indicated earlier, this is information

1 that was stated for the first time on the record orally
2 by Mr. Armson.

3 THE CHAIRMAN: I think it is fair in the
4 circumstances, Mr. Cosman, when information is put in
5 for the first time through a witness, at least while
6 the witness is testifying in direct, that the parties
7 who wish that kind of documentation does not then have
8 to go away, type up interrogatories, distribute them
9 around the party list, et cetera, and get the answers
10 in that fashion.

11 It would be much easier for everybody if
12 we could just ask the witness to produce it, if the
13 witness can, or indicate that he cannot and have
14 produced to you and, at that point, you can make
15 whatever use of it you want.

16 MR. FREIDIN: I appreciate your comments,
17 Mr. Chairman, but for the record the Timber Management
18 Manual in 1948 is referenced specifically in paragraph
19 40 of the witness statement.

20 THE CHAIRMAN: Well --

21 MR. FREIDIN: That's the sort of thing
22 that Mr. Cosman I am sure is concerned about. The
23 thing that concerns me if we get too much down the road
24 on these sorts of productions.

25 THE CHAIRMAN: Well, I think the Board

1 expects that documentation which is referenced, or
2 information which is referenced in the witness
3 statements and require further clarification,
4 production of those documents should properly be done
5 by way of interrogatory

6 Additional documents that are referenced
7 by witnesses orally that do not appear in the
8 previously filed documentation, I think you can ask for
9 them orally.

10 Does that clear that up, Mr. Cosman?

11 MR. COSMAN: Yes.

12 MR. CASTRILLI: Q. Mr. Armson, at
13 paragraph 54 of your evidence, page 35, or when
14 referring to it this afternoon -- or this morning, you
15 referred to submissions of industry to the Minister of
16 the day respecting harvesting and regeneration.

17 Do you recall that evidence?

18 A. Paragraph...?

19 Q. Paragraph 54, top of page 35.

20 A. Yes, there was a submission to the
21 Minister of the day in 1977 by the Ontario Forest
22 Industries Association respecting the matter of
23 harvesting and regeneration and flowing from
24 recommendation in my report.

25 Q. And what form did that submission

1 take; was it a written submission, was it a brief?

2 A. It was a published written
3 submission, yes.

4 Q. Was there more than one?

5 A. On that particular subject there were
6 two submissions -- possibly two submissions that I
7 recollect that were directly related to the Report; one
8 was a response by the Ontario Forest Industry
9 Association to my report, and the second one that dealt
10 with the -- and I believe covered and dealt with some
11 of the aspects of the industry's concern as to their
12 feelings about the implementation of the integration of
13 harvesting and wood generation. That was a separate...

14 Q. Were they both dated March, 1977?

15 A. I can't -- I know that the second one
16 was March, 1977, but I can't recollect the exact date
17 of the first one.

18 Q. Okay. So there were just the two?

19 A. I believe there was a third
20 submission, but I can't -- it didn't deal with, as I
21 recollect, with anything to do with my report nor
22 directly with regeneration and harvesting.

23 It does stick in my mind that there
24 were -- about that time, as I recollect, there were
25 some concerns about the review of stumpage that had

1 gone on by a timber revenue task force in, I think, '75
2 and there were recommendations there and I believe that
3 may have been the context.

4 Q. Thank you. Now, this afternoon -- or
5 I guess this morning and this afternoon you were taken
6 through Exhibit 58 by Mr. Freidin. Now, that is the
7 Baskerville -- sorry, it's your memorandum dated June
8 3rd, 1988 respecting the Baskerville Audit and the
9 Ministry's actions in response to it.

10 I just want to clarify some of the points
11 and the status of Ministry action on some of these and
12 I am going to have to do them one at a time, I think.

13 Firstly, at page 2 of Exhibit 58 under
14 the heading of the Audit Report, sub-heading Release,
15 the second paragraph you refer to Dr. Baskerville
16 having met with approximately 70 Ministry staff, and I
17 understand from reading further on in the paragraph
18 that the Chairman, which was you I believe, asked for
19 those present - who are mainly unit foresters - to send
20 the results of their discussions to the Ministry by
21 mid-September of what I guess was 1986.

22 Do you have on record the submissions
23 that were filed by unit foresters?

24 A. Can I ask for clarification on
25 record. I believe in my office...

1 Q. Sorry, do you have?

2 A. Yes. Those documents, as they came
3 in, I believe they are in my file.

4 Q. How extensive are these documents?

5 A. Well, offhand, Mr. Chairman, I can't
6 tell you they are in a file, fairly thick, I can't tell
7 you the number. Some came from individuals, some came
8 from groups of individuals. There were some in the
9 form of letters, some in the form of quite lengthy
10 writings by the individuals personally and signed by
11 them. There were quite an array of formats.

12 Q. Do you reduce the sum total of the
13 submissions into a memorandum or report of some kind?

14 A. If I did it would be an informal
15 note. It was not in a formal memorandum or formal note
16 to my recollection.

17 Q. So you did not produce a summary of
18 the submissions you received?

19 A. There may have been some written out.
20 As I say it was an informal summary and, at this stage,
21 I can't tell you exactly what form that took.

22 Q. Could I ask you to undertake to
23 provide to me the summary, if there is one?

24 THE CHAIRMAN: Mr. Freidin?

25 MR. FREIDIN: Mr. Chairman, we will be

1 here until Doom's Day if Mr. Castrilli and everybody
2 wants all of this back-up material. The important
3 thing is that the Ministry's position or the response
4 to Baskerville is on the record, and if that is going
5 to become a subject matter of discussion, I think we
6 should deal with what the position is -- what the
7 Ministry says now.

8 In any organization there can be all
9 kinds of comments flowing back and forth in an open
10 discussion which allows people to come to some sort of
11 reasonable decision and I don't think it is useful to
12 have that sort of information produced for two reasons:
13 No. 1, it is difficult to get some of this stuff
14 because we are going back years and I just don't see
15 how it's going to --

16 MR. CASTRILLI: 1986, Mr. Freidin.

17 THE CHAIRMAN: Well, okay. Let's --

18 MR. FREIDIN: As well as all the other
19 things I am anticipating you are going to ask for, Mr.
20 Castrilli. I just don't see how it is going to be
21 helpful for the Board.

22 THE CHAIRMAN: I guess we might as well
23 face this issue now as opposed to any other time and,
24 that is: What will be the policy with respect to the
25 admissibility or the production of documentation which

1 I suppose could be characterized as draft input type of
2 material that results in a formal report or position
3 statement which is then put before the Board as the
4 Ministry or other party's official position.

5 And this is a matter that frequently
6 arises at many hearings: Just how far back do you go;
7 No. 1, and what effect draft or preliminary positions
8 taken by various people, who are requested to provide
9 input, have on the ultimate policy or the ultimate
10 position taken; that is, the position put forward to
11 the Board.

12 And I suppose before we rule on that, we
13 should probably hear some submissions from various
14 counsel present. The sole determinant, Mr. Freidin, I
15 do not think can be that we would never end, we cannot
16 go back forever, because I do agree that we cannot go
17 back and get every possible piece of paper that was
18 ever written on the subject matter of what is before
19 the Board but, by the same token, certain input may
20 have a very distinct bearing in terms of the weight
21 that the Board should put on the ultimate policy
22 document.

23 For instance, the Ministry may have gone
24 a hundred per cent contrary to what all of its unit
25 foresters suggested in terms of taking action. It does

1 not mean it is the Ministry's position and it does not
2 mean that the Board will not recognize it formally as
3 the Ministry's position, but it may not place as much
4 as weight on that position, given the fact that many of
5 its own staff, for instance, disagreed with that, if
6 that is the case; and I am just using that as an
7 example, I am not suggesting for a moment that that is
8 case in this instance.

9 But I think I would like to hear -- the
10 Board would like to hear the views of counsel with
11 respect to this issue.

12 Mr. Cosman?

13 MR. COSMAN: Thank you.

14 Mr. Chairman, there appears on the
15 surface to be two different issues. One is: Are
16 counsel or parties entitled to the back-up
17 documentation to an expert report; the second issue
18 might be characterized as: Are parties entitled to, in
19 effect, go on a fishing expedition through the Ministry
20 files.

21 The process of government, as we know,
22 produces a lot of paper and there are so many issues in
23 this proceeding that we could, in effect - if we all
24 sought that kind of back-up documentation - we may as
25 well retain Allied Van Lines right now because there

1 would surely be all kinds of paper behind every
2 Ministerial position and the decision it has taken.

3 And to go on a fishing expedition, in my
4 respectful submission, is an inappropriate use of the
5 hearing time when specific questions might be put
6 through an interrogatory, if relevant, and if they
7 aren't, that issue can be argued.

8 But as far as hearing time, as far as the
9 relevance of back-up documents or work products or
10 drafts documents, I would submit, that in the ordinary
11 that they should not be admitted.

12 MR. CASTRILLI: Mr. Chairman, can I
13 respond if I might?

14 THE CHAIRMAN: Yes.

15 MR. CASTRILLI: First of all, if the
16 16-point plan should have been a 20-point plan, then it
17 is relevant to know why four points, just to use an
18 example.

19 To have the end product of an expert's
20 work and not know what in fact went into that end
21 product is to make a sham of the hearing process.

22 One has to know and this Board has to
23 know the basis upon which the Ministry decided to
24 implement a 16-point plan as opposed to a 20, a 30 or a
25 50-point plan; what did the unit foresters tell Mr.

1 Armson, I think that is entirely relevant.

2 And it is hardly a fishing expedition
3 since all I have asked him to do is enquire whether he
4 produced a summary of what was given to him by the unit
5 foresters and he can make that determination whether he
6 did.

7 So, on this particular point, I see no
8 prejudice...

9 THE CHAIRMAN: I think he answered that
10 in saying he didn't prepare a formal one but he
11 prepared some internal memoranda or notes to himself,
12 that is the way I understood it--

13 THE WITNESS: That's correct.

14 THE CHAIRMAN: --which ended up being
15 formulated into the 16-point plan.

16 MR. CASTRILLI: Well, if those internal
17 notes are in the form of a memorandum - even if it is
18 not a formal memorandum - they are appropriate.

19 THE CHAIRMAN: Well, I heard him say --

20 THE WITNESS: I will look into in my
21 file, Mr. Chairman, and see what is there.

22 THE CHAIRMAN: Well, what about the
23 broader question, Mr. Castrilli, about the issue?

24 MR. CASTRILLI: Well, sorry, but the
25 other point I was going to make was that this document

1 is dated June 3, 1988, I didn't know about its
2 existence before this morning. If it had been part of
3 the documentation which forms part of Exhibit 53, I
4 would have provided interrogatories to Mr. Freidin at
5 the appropriate time.

6 It is not appropriate to file a document
7 like this at the 11th hour and suggest I should have
8 dealt with it through interrogatories, it just doesn't
9 make sense.

10 THE CHAIRMAN: Ms. Seaborn, do you have
11 anything to say about going behind Ministry positions,
12 on the face of it?

13 MS. SEABORN: Well, I would agree with
14 Mr. Cosman that a fishing expedition is clearly not
15 warranted under any circumstance, however, with respect
16 to this particular request I think that when a party
17 makes a specific request the way Mr. Castrilli has and
18 narrows it down and asks for a summary or a particular
19 document rather than saying: Look at Ministry files,
20 then I think that sort of request is appropriate as
21 long as it is determined that it is relevant.

22 THE CHAIRMAN: Mr. Williams, do you have
23 anything to say?

24 MR. WILLIAMS: Mr. Chairman, I must say I
25 feel hard pressed to accept that there is a real need

1 to go behind the main concern which, given that the
2 Baskerville Report itself is not an issue here, as far
3 as it being an important document relating to the
4 hearings - but I don't think that's the document that
5 is under examination and the material that was sought
6 out was to assist the witness in making a response as
7 instructed by the Ministry, and it seems to me that we
8 should be prepared to rely on that response as
9 instructed by the Ministry without looking behind how
10 that expert witness developed his response as
11 instructed by Ministry.

12 I think it is another step removed in the
13 process and how many steps removed do you go? There
14 can be written or oral testimony referred to that could
15 have us going back a number of steps and calling
16 forward documentation or witnesses in a lot of other
17 areas.

18 I think it is a fine line here, and I
19 think we have to judicially consider where we are going
20 to draw the line, and I continue to come down on the
21 side of the point of view expressed by the Ministry,
22 Mr. Chairman.

23 ---Discussion off the record

24 THE CHAIRMAN: Okay. Mr. Castrilli, I
25 think it is the Board's view that, in this particular

1 case, we would allow you to go behind this particular
2 document to some extent on the basis that: Firstly, it
3 was just produced, you could not have asked reasonably
4 interrogatories on it, and it appears to be, in the
5 Board's view, an important document in the sense that
6 it is the Ministry's response to a major report dealing
7 with the very subject matter that this Board has to as
8 well, and that depending on what that input was, it may
9 go to the weight that the Board should be placing on
10 the Ministry's position. And so, in this instance, I
11 think we would allow you to go back behind the document
12 to some extent.

13 In that regard, Mr. Armson, if you have a
14 summary of some kind in your file, then I think that is
15 what the Board would like produced. If you do not have
16 a summary, then we are back to the 70, or 200 or
17 whatever pre-submissions, that is another question
18 because we are certainly not going to entertain, you
19 know, just a complete fishing expedition of all of
20 that.

21 MR. CASTRILLI: My request was for the
22 summary, if it existed.

23 THE CHAIRMAN: And what if it does not
24 exist?

25 MR. CASTRILLI: Well, to be honest with

1 you, I am going to go through the remainder of Exhibit
2 58 because I have lots of questions that are
3 predominantly hunting and gathering-type questions in
4 light of what is referred to there.

5 You might want to have this discussion at
6 the end of my review of --

7 THE CHAIRMAN: What do you mean hunting
8 or gathering as opposed to fishing; is that right?

9 Well, Mr. Castrilli, we are going to
10 allow --

11 MR. CASTRILLI: Let's jump off that
12 bridge when we come to it.

13 THE CHAIRMAN: Okay. We are going to allow
14 a certain amount of latitude in the cross-examinations.
15 I think before this Board, as well as other tribunals,
16 the cross-examination can be relatively wide ranged,
17 but there has to be an element of relevance to the
18 questions.

19 We do not want to entertain fishing
20 expeditions in terms of you have no any idea what you
21 are going to get out of it and you are just asking the
22 questions with the hope that something will pop out at
23 the other end. I am presuming, for the purposes of
24 your cross-examination, that you know exactly what you
25 are trying to get out of it and you can head in that

1 direction.

2 MR. CASTRILLI: Yes. And just for
3 record, Mr. Chairman, I had no intention of asking any
4 such questions until I received this document, and I
5 think this document raises sufficient -- refers to many
6 documents that I don't have and I don't even know the
7 content of.

8 THE CHAIRMAN: And I think that all of
9 the parties are going to have to realize - and I am not
10 castigating in any way the Ministry for this because,
11 obviously, this document was just recently produced -
12 but if you are going to produce documents at the 11th
13 hour, so to speak, be prepared for other parties to
14 embark on a wide-ranging enquiry into what those
15 documents mean and, in some cases, what goes behind
16 them.

17 MR. COSMAN: Mr. Chairman, if I might
18 just make a suggestion, because I understand what Mr.
19 Castrilli wants now.

20 Rather than take up all of our time right
21 now with that, Mr. Castrilli is going to be
22 cross-examining next Wednesday, why doesn't he at the
23 break -- or end of the day tell Mr. Freidin what he
24 wants. If he doesn't produce it, then we can argue
25 this next Wednesday; if he produces it, we will have a

1 chance to read it and then we can carry on with the
2 cross-examination rather than spending the afternoon on
3 it.

4 THE CHAIRMAN: Well, what do you think of
5 the suggestion of confining your questions on this
6 document, and anything else that Mr. Armson can
7 produce, with respect to it for one time so we do not
8 split it.

9 MR. CASTRILLI: Actually, to be honest
10 with you, I was thinking about the advisability --
11 well, the only problem is --

12 THE CHAIRMAN: You may not have any other
13 questions you want to ask today.

14 MR. CASTRILLI: No, no, no, no, quite the
15 contrary, Mr. Chairman. I really didn't want to bring
16 in my cross with this document, but since it started at
17 the end I thought I would begin with it.

18 Let me consider whether it might not be
19 better for me to file a supplementary interrogatory
20 with respect to Exhibit 58.

21 THE CHAIRMAN: Very well.

22 MR. CASTRILLI: The only problem that
23 presents is - and it may not be a problem - I think a
24 lot of what is referred to here is going to be dealt
25 with by subsequent panels, but I would rather do an

1 interrogatory in relation to this one document and file
2 it with Mr. Armson, and then he can simply advise if he
3 is the one to answer any questions with respect to the
4 various documents referred to here; and, if not, he can
5 simply advise which panels are, rather than take the
6 Board's time with my going through it in this manner.

7 THE CHAIRMAN: That sounds like a
8 reasonable way to proceed.

9 How does that strike you, Mr. Freidin?

10 MR. FREIDIN: I am sure we can proceed in
11 that fashion. Depending on what he is asking for, we
12 are going to get back -- we might get back into this
13 same argument after --

14 MR. CASTRILLI: Well, we might have
15 anyway if I filed an interrogatory and I didn't get
16 satisfactory responses. So I mean...

17 MR. FREIDIN: My response -- if you are
18 filing an interrogatory asking for what he is asking
19 for now, our position would be the same, and I think
20 the same position from the people making submissions
21 here. So I think the issue before the Board is to deal
22 with that in some way now.

23 THE CHAIRMAN: Well, I think with this
24 specific document we would like you to produce what you
25 have got in terms of your file records.

1 THE WITNESS: Could I ask for a
2 clarification because it was divided into two parts.
3 Whether I had a document that I had prepared which was
4 summary, whatever form that might take, and I will look
5 to that, and if it is there we will produce it.

6 On the other hand, the individual
7 submissions -- as I say, there are a number -- some of
8 those were in the form - a small number - were in the
9 form of personal letters and statements signed, and I
10 would like some direction there, Mr. Chairman.

11 If we are dealing with mine, I have no
12 problem, but if that isn't present, and there is a
13 larger number, some of which are relatively formal,
14 that isn't a problem, but I do recollect that there
15 were personal letters.

16 MR. CASTRILLI: Mr. Chairman, not to
17 confuse the witness, I think initially my request was
18 for the summary. So if there is a summary, that will
19 answer the question. I am not interested in going back
20 to every submission filed by a unit forester, so that
21 is one matter.

22 But with respect to the other 16 points
23 in this document, there are other documents referred to
24 which I believe would not be included in what was filed
25 by the unit foresters and those -- we could either do

1 it by my spending an hour and a half here, which I
2 don't think is a good idea, or I could do it by way of
3 a supplementary interrogatory and that is what I am
4 suggesting.

5 THE CHAIRMAN: Definitely for those other
6 documents, I think you should do it by way of
7 supplementary interrogatory.

8 MR. CASTRILLI: Okay. I will proceed in
9 that manner, then.

10 Now, there is one document that I
11 referred to in Item No. 16 at page 8 where I have
12 already in fact asked for an interrogatory -- I believe
13 I have made it subject of an interrogatory and I have
14 been given an answer which I understand has been also
15 dealt with by the witness today, and that is the
16 Rosehart Report.

17 I understand that that will be made
18 available -- I understand from Mr. Freidin that that
19 will be made available to me shortly.

20 There was, however, in the interrogatory
21 I filed with respect to that - and that is the subject
22 of an interrogatory I actually filed for Panel 3 - I
23 wanted the submissions filed with the Rosehart
24 Committee, and I did not get a satisfactory response
25 with respect to that. So I don't think I want to file

1 another interrogatory asking for the same thing and
2 getting the same answer.

3 So I would like to deal with that
4 particular point now.

5 THE CHAIRMAN: I take it the answer was,
6 you are not getting it.

7 MR. CASTRILLI: No, there was no answer.

8 THE CHAIRMAN: There was no answer.

9 MR. CASTRILLI: I asked: Were there
10 submissions made, and the answer was: The Rosehart
11 Committee Report is not quite ready, and then there was
12 no indication of whether I would have the submissions
13 made to the committee.

14 MR. FREIDIN: No. 1, it is Mr. Rosehart's
15 report, it is not the Ministry's report.

16 THE CHAIRMAN: He is not before us.

17 MR. FREIDIN: And he is not before us.
18 The Ministry is undertaking to provide a copy of the
19 Rosehart Report when it is released, which will
20 hopefully be imminent -- is imminent, if not -- if it
21 hasn't been released already.

22 Mr. Castrilli wants -- I mean, it is
23 quite clear what he is looking for in his question. He
24 wants to see what the submissions to Dr. Rosehart were
25 and use them to say: So and so, and so and so support

1 my position and then we will get up and say: So and
2 so, and so and so support that position and, gee, how
3 does how Rosehart come up with that conclusion.

4 It's Rosehart's Report --

5 THE CHAIRMAN: Is that what you are going
6 to say, Mr. Castrilli?

7 MR. FREIDIN: I don't see what use all of
8 that would be except for using it in that fashion.

9 MR. CASTRILLI: Well, with great respect,
10 if Mr. Rosehart has written a report that isn't
11 supported by the submissions you received, that is
12 entirely relevant for this Board to consider,
13 particulary with respect to the fact that it was on a
14 very important item, the forest resource inventory,
15 which is a part of the subject matter before this
16 Board.

17 So I take it the position that the
18 submissions to the Roseheart Committee are entirely
19 appropriate and should be before this Board, and that
20 was why they were made a part of the interrogatory that
21 I filed on Panel 3.

22 And that is one matter I would like to
23 deal with now since it is obvious Mr. Freidin's
24 position is that that is not relevant. I take the
25 position it is entirely relevant.

1 MR. FREIDIN: I am advised that those
2 documents are not in the possession of the Ministry,
3 they are in the possession of Dr. Rosehart and I think
4 you have to put your questions to Dr. Rosehart, not to
5 this panel.

6 THE CHAIRMAN: I take it you have not
7 enquired of Dr. Rosehart about whether he would be
8 prepared to release that document?

9 MR. CASTRILLI: I, frankly, was surprised
10 to learn that the Ministry is not in possession of the
11 submissions that Rosehart received.

12 THE CHAIRMAN: Well --

13 MR. CASTRILLI: I mean, is that the
14 position Mr. Freidin is taking?

15 MR. FREIDIN: That is my information.

16 MR. CASTRILLI: If that is the case, then
17 I will make other enquiries, but I want to be certain
18 that that is in fact the position: The Ministry does
19 not have the submissions filed with Rosehart.

20 MR. FREIDIN: Before you -- why don't you
21 ask Mr. Armson, maybe he knows. He is the witness.

22 THE CHAIRMAN: Well, okay, we can ask Mr.
23 Armson. But in the event that Mr. Armson does not know
24 for sure, we would like you to undertake, Mr. Freidin,
25 to at least get the Ministry's position authoritatively

1 as to whether or not they have that documentation.

2 I mean, you should be able to make the
3 necessary enquiries with the Ministry, with whomever
4 would normally have that kind of thing, to see if they
5 have got it.

6 MR. FREIDIN: I can certainly make that
7 enquiry, but perhaps we should just see whether it is
8 necessary.

9 THE CHAIRMAN: All right.

10 Dr. Armson, do you know whether or not
11 the input to the Rosehart Commission is in the
12 possession of the Ministry of Natural Resources?

13 THE WITNESS: To my knowledge we do not
14 have possession of that and in any discussions with Dr.
15 Rosehart - and I had many over the course of the
16 sitting of his committee - there was never any mention
17 of us coming into possession of those submissions,
18 whatever they were.

19 MR. FREIDIN: Perhaps the witness could
20 be asked whether - you can talk to him - if such
21 documents were in the possession of the Ministry,
22 whether he would expect to be aware of that.

23 THE WITNESS: I would have so expected.

24 MR. CASTRILLI: Mr. Armson -- sorry.

25 MR. FREIDIN: In the answer to the

1 question from Mr. Castrilli to kindly provide us with a
2 copy of the Rosehart Committee and copies of all
3 submissions made to it: As of this date, the Rosehart
4 Committee Report has not yet been published and the
5 submissions to the Committee were given to the
6 Chairman, Dr. Rosehart, either in writing and orally.

7 That was the answer.

8 MR. CASTRILLI: Right. Well, that
9 doesn't answer the question though. The question is:
10 What happens to the submissions made to the Rosehart
11 Committee?

12 THE CHAIRMAN: Well, okay. Mr. Armson
13 has indicated that to his knowledge the Ministry does
14 not have them.

15 Mr. Freidin has undertaken to confirm
16 that with the Ministry and, I take it, Mr. Freidin, you
17 will provide Mr. Castrilli with that answer?

18 MR. FREIDIN: Yes, sir.

19 THE CHAIRMAN: And then we will go from
20 there.

21 MR. CASTRILLI: Thank you, Mr. Chairman.
22 Now, I can begin the formal part of my
23 cross-examination.

24 Q. Mr. Armson, could I refer you to page
25 27 of the evidence, paragraph 21 -- sorry, page 21 of

1 your evidence, paragraph 1. In that paragraph -- I am
2 sorry, do you have the page?

3 A. Yes, I do.

4 Q. Now, at that page in paragraph 1, you
5 refer to three matters you are going to deal with
6 during the course of your 61 paragraphs that constitute
7 your witness statement: Describe the historical
8 development of the timber management in Ontario and
9 explain the development of certain fundamental concepts
10 and principles, and describe the forest estate, which
11 is what you have done.

12 And throughout the course of the witness
13 statement itself you refer to various seminal studies,
14 reports, commissions, including several Royal
15 Commission investigations on forestry among other
16 things.

17 I am just wondering if you can confirm
18 for me, Mr. Armson, that you did not anywhere in the 61
19 paragraphs that form your evidence refer to the 1976
20 proposed policy for controlling the size of clear-cuts
21 in northern Ontario forest regions?

22 A. No, I did not refer to it.

23 Q. And can you also confirm for me that
24 you did not refer to the 1985 Fahlgren Commission on
25 the Northern Environment?

1 A. No, I did not.

2 Q. Did you not consider these two
3 matters worthy of mention with respect to the purpose
4 of your panel's evidence?

5 A. With respect to proposed policies,
6 Mr. Chairman, I -- there may be a multitude of proposed
7 policies and there was no point in singling out any
8 one, although it might relate to timber management, but
9 it didn't seem appropriate to me to single out
10 something that was proposed some years ago unless it
11 seemed to have some direct bearing on the relevance of
12 the document that I was preparing.

13 With respect to the Fahlgren Royal
14 Commission on the Northern Environment, it is my
15 understanding that the government response to that
16 report has yet to come, and I think it would be
17 presumptuous on my part to respond as a senior official
18 of government.

19 Q. So, Mr. Armson, your testimony is
20 that the Ministry of Natural Resources or that the
21 Government of Ontario will be making a formal response
22 to the two and a half year old Fahlgren Commission
23 report?

24 A. It is my understanding that the
25 Ministry -- the responsibility essentially was in the

1 Ministry of Northern Development & Mines, but it is
2 also my understanding that there was to be a government
3 response but I -- that isn't something I can speak to
4 with any....

5 Q. So it is your understanding there is
6 going to be a response perhaps by the Ministry of
7 Northern Development?

8 A. No, it is not -- I did not say that.
9 What I said is that it is my understanding -- not to my
10 knowledge, there has not been a government response,
11 whether it was by the ministry that was primarily
12 dealing with the Royal Commissioner, or whether it was
13 a government response, but that is the extent of my
14 knowledge. Who would respond is another matter.

15 Q. All right. So because of that you
16 didn't think it was appropriate to even refer to
17 Fahlgren?

18 A. That was one -- a major -- the major
19 reason I believe.

20 Q. Were there any other reasons?

21 A. No, that would be the major one.

22 Q. And with respect to the proposed
23 policy on controlling the size of clear-cuts, the issue
24 of controlling size of clear-cuts, is that a major
25 issue within the Ministry of Natural Resources?

1 A. We have guidelines and we have ground
2 rules that are set, silvicultural prescriptions that
3 are set professionally, and it seems to me that those
4 are the relevant documents, and I have referred to
5 those in relation to the agreements.

6 And the Board, I believe, is well aware
7 of the guidelines that exist and that have been
8 developed in relation to moose and tourism and so on.

9 Q. I am referring to controlling the
10 size of clear-cuts.

11 A. Those documents and guidelines deal
12 with aspects of the size and dimension of clear-cuts
13 with respect to moose and tourism values.

14 Q. Now, I understand from your
15 Curriculum Vitae - and you have been qualified as an
16 expert with respect to forestry soils, among other
17 things - you published in the area - and that I
18 understand was the period up to the mid-19 -- was it
19 mid-1970s?

20 A. No, in the late 70s.

21 Q. In the late 70s.

22 Would you agree with me, Mr. Armson, that
23 it is a problem for the Ministry of Natural Resources
24 to propose a Class Environmental Assessment on a
25 particular cutting method when its environmental

1 effects are most likely to be local and specific in
2 nature dependent upon soil attributes, thickness,
3 ground cover, topography, slope, drainage, drainage
4 patterns, water courses and climate.

5 Would you agree that is a problem?

6 A. It may be a problem to some persons,
7 I don't see it as a problem.

8 Q. To some persons?

9 A. Well, you said it is a problem, and I
10 don't agree that it is a problem.

11 Q. And would you agree with me that such
12 a concern is reasonable, whether or not you agree with
13 it?

14 A. The concerns may be reasonable in the
15 light of the person who has it.

16 Q. Well, is it your testimony that such
17 a concern is unreasonable and that no intelligent
18 individual familiar with forest management could
19 seriously entertain such a proposition or hold such a
20 belief?

21 A. No, I didn't suggest that.

22 Q. So it is a reasonable concern to
23 have?

24 THE CHAIRMAN: Gentlemen, gentlemen. I
25 think you are doing a little square dancing here,

1 fencing or whatever. I think we are dealing with
2 semantics really.

3 MR. CASTRILLI: Let me get to the point.

4 Q. Wasn't that a concern of Commissioner
5 Fahlgren, Mr. Armson?

6 A. The Class Environmental Assessment?

7 Q. Yes.

8 A. I would like you to direct me to
9 where he makes that statement. I don't -- I don't read
10 the Commissioner's Report as a regular diet.

11 Q. Let me just give you one page of the
12 diet, otherwise it is lost in digestion.

13 MR. FREIDIN: Can you get the proper
14 context by providing him with the page numbers.

15 MR. CASTRILLI: I am providing him, Mr.
16 Chairman, with page 5-27 of Exhibit 33. (handed)

17 THE CHAIRMAN: Well, we have already got
18 the Fahlgren Report in as Exhibit 33.

19 Should we make this a new exhibit number,
20 Mr. Castrilli?

21 MR. CASTRILLI: Mr. Chairman, I think
22 since we have been doing that up til now we probably
23 should continue.

24 THE CHAIRMAN: All right. That will be
25 Exhibit 59, I believe.

1 ---EXHIBIT NO. 59: Page 5-27 of The Royal Commission
2 on the Northern Environment
2 (Exhibit 33).

3 MR. CASTRILLI: This is exhibit -- sorry,
4 Mr. Chairman, this is exhibit...

5 THE CHAIRMAN: 59.

6 MR. CASTRILLI: 59.

7 Q. Mr. Armson, as you can see there on
8 what is now Exhibit 59, the second full paragraph on
9 that page.

10 A. Yes, I see that.

11 Q. You see that what I have put to you
12 as a proposition earlier is actually a direct quote
13 from the Fahlgren Commission Report?

14 A. That's correct. He poses that as a
15 question and he then answers it in the report.

16 Q. So that when you disagreed with the
17 proposition earlier, you disagree with Commissioner
18 Fahlgren; is that correct?

19 A. No. I would suggest -- well, let me
20 put it this way: He has reached -- given an answer to
21 his question. The answer immediately follows the
22 question, there is no basis for how he arrived at the
23 answer other than the question itself.

24 If, as I would suggest to other
25 individuals and I would include myself as one, believes

1 that a Class Environmental Assessment is appropriate,
2 then I would submit that that is what this hearing is
3 about.

4 And, in fact, Mr. Fahlgren has reached a
5 conclusion answering his question and we are here
6 actually pursuing the course of determining the
7 elements that go towards answering the question of: Is
8 a Class Environmental suitable?

9 Q. My question to you earlier was: Was
10 the concern reasonable?

11 A. I do not concur with his conclusion.

12 Q. Can you advise the Board why the
13 Ministry did not follow Commissioner Fahlgren's advice?

14 A. I can't speak to that.

15 Q. You don't know?

16 A. (Nodding)

17 Q. Sorry, you have to say yes or no.

18 A. I am sorry. No, I can't answer why
19 they did not follow that advice. Specifically, the
20 recommendation I believe you are referring to is 5.21.

21 Q. Yes, that's correct.

22 Now, Mr. Armson, I understand your
23 testimony has been that of major importance is the
24 concept that the forest products industry develop
25 primarily -- or develops primarily in response to

1 changes in market demand and changes associated with
2 physical access to timber.

3 Do you recall that testimony?

4 A. Yes, I do.

5 Q. Actually, that is page 22, paragraph
6 5(a) of your evidence.

7 I am wondering, in relation to that
8 principle you set out there, would you not regard that
9 as somewhat fatalistic as an assessment?

10 A. No. If I may, fatalistic means
11 something to do with death. It seems to me the
12 industry is alive.

13 Q. Reactive as opposed to proactive?

14 A. No, I think it is just a straight
15 observation of the fact, whether it be the forest
16 industry or any other industry, that it changes in
17 response to the marketplace.

18 Q. Well, let me ask you this. Sorry,
19 were you finished?

20 A. When it produces products for the
21 marketplace.

22 Q. Well, does the Ministry of Natural
23 Resources have a market strategy or does it have any
24 plans to develop a higher end value products industry
25 in this province, or to encourage such a development?

1 A. The Ministry, in fact, was concerned
2 about higher end values and, for that reason, as I
3 indicated in one of the reports that was developed for
4 the Ministry, dealt with that whole concern of the
5 industry and the report dealt with the matter of higher
6 end values.

7 Q. Yes, we are going to get to that
8 report. But wouldn't you agree that it is of major
9 importance to encourage better product end use as
10 opposed to the position you put forward in paragraph
11 5(a)?

12 A. I am not aware that the paragraph
13 contradicts a concern and interest in developing higher
14 end use.

15 Q. It just doesn't say anything about
16 it.

17 A. No, it doesn't say anything about it.
18 That doesn't mean to say it isn't an item of interest
19 or concern. I think that was always one.

20 Q. Well, would you suggest that you
21 should -- that a five, I'm sorry, an additional item on
22 that page could include that or should include that?

23 A. I was here dealing with some rather
24 simple, basic concepts. In terms of the historical
25 development, the question of end value and the

1 economic -- the specific economic end values is a
2 matter that I think is more -- will be and in fact can
3 be better discussed with Panel 5 which does in fact
4 deal with the economic aspects of the industry.

5 Q. Well, I am content to deal with it in
6 Panel 5, but I want to deal with this issue now in
7 relation to that paragraph because I think it forms an
8 important part of your evidence in Panel 2.

9 I would suggest that the report that you
10 referred to, which is a recent one, is not the first
11 time this issue has been put forward within the
12 Ministry; would you not agree?

13 A. No, the subject of higher value is a
14 subject that has been a continuing one for many years
15 and I presume will continue to be a present one.

16 Q. Would you agree with me it was a
17 concern in the 1960s?

18 A. I believe it was a concern expressed
19 by Major General Howard Kennedy in his Royal Commission
20 Report in 1947.

21 Q. Let's go to the 60s first. You refer
22 in your evidence to the Brodie Study Unit Report,
23 though it was not filed. I am showing you an excerpt
24 from that report. (handed)

25 Do you recognize the document?

1 A. Yes, I recognize the frontest piece
2 and the preface.

3 MR. CASTRILLI: Chairman, I would like to
4 make this the next exhibit.

5 THE CHAIRMAN: Since we are in the 60s we
6 will make it Exhibit 60.

7 Exhibit 60 is a Report of the Forest
8 Study Unit of Ontario, Department of Lands and Forests,
9 dated 1967 by Mr. J.A. Brodie.

10 ---EXHIBIT NO. 60: Report of the Forest Study Unit of
11 Ontario, Department of Lands and
 Forests, dated 1967 by J.A. Brodie.

12 MR. CASTRILLI: Q. Now, Mr. Armson, you
13 indicated that this was a concern that goes back to the
14 1940s; right now we are just in the 1960s with this
15 particular exhibit.

16 Wasn't it the position of Brodie that
17 Ontario should develop higher end value product
18 industries as well?

19 A. That was one of the -- that is a
20 general direction, yes. One of them.

21 Q. Would you agree that we see that
22 general direction particularly reflected at page 196 of
23 Exhibit 60?

24 Let me refer you to the -- it is the
25 first full paragraph on that page, the first two

1 sentences:

2 "Forest management as a business
3 enterprise must extend from the raw
4 material production forward into the
5 marketing of the finished product. It
6 must be laterally integrated to promote
7 the use of the whole forest production
8 and, insofar as practicable, to direct
9 each species and size to its highest
10 value end use."

11 Do you see that?

12 A. Yes, I read that.

13 Q. So would you agree with me that
14 contrary to your paragraph 5 at page 22 which indicates
15 that the industry responds to market demand and
16 physical access to timber and that this is of major
17 importance, would you agree with me that that is not
18 necessarily consistent with the concerns of the Brodie
19 Report and the comments I have just read into the
20 record when he concluded that the Ontario Government
21 and the industry should be encouraging better product
22 end use?

23 A. I don't believe it is inconsistent.
24 I notice that Mr. Brodie talks about the marketing of
25 the finished product. That is obviously a concern he

1 noted, therefore, it is a response to a marketplace
2 that we are dealing with.

3 Q. He is concerned about developing the
4 strategy, is he not, he is talking about higher value
5 end product use? Your paragraph 5(a) doesn't talk
6 about that.

7 A. He is talking about the forest
8 management in relation to the marketing and moving
9 through the marketing of the product and he deals with
10 the integration to promote the use of the whole forest
11 production.

12 I would submit, Mr. Castrilli, that there
13 are many factors involved and there has been, over the
14 years - going back even beyond 1960, but certainly more
15 recently - within the forest industry in Ontario and
16 in relation to the use of Crown timber, a considerable
17 integration of the use of the raw material supplied
18 towards end products.

19 Q. We are going to deal with that in a
20 moment. So I am clear on your testimony with respect
21 to the passage from Brodie that I just read into the
22 record, did the Brodie Report overstate, or did you
23 overstate what is of major importance with respect to
24 the forest products industry, or did Mr. Brodie
25 misconstrue the issue?

1 A. No, Mr. Brodie stated in a somewhat
2 different fashion and I used a very -- rather statistic
3 situation and did not specifically identify the degree
4 of end value for the product.

5 Q. Okay. Well, would you agree with me
6 that perhaps the single most important factor in
7 developing a market strategy is to recognize the shift
8 from low value commodities to high value specialties,
9 like paper and paperboard?

10 A. I would suggest, Mr. Castrilli, that
11 there are many commodities and, for example, newsprint
12 would be one, that one does not overnight or even over
13 a span of time suddenly change from a valuable
14 commodity to a higher end value of necessity, because
15 one may be a higher end value, there is a limit to the
16 amount of fine paper that the world can consume.

17 Q. I see. Didn't the recent Woodbridge
18 Reed Report also have essentially the same concerns as
19 Brodie?

20 A. It dealt with the importance of
21 higher end values, yes.

22 Q. And didn't the authors of that report
23 stress that perhaps the single most important factor in
24 developing a market strategy is to recognize the shift
25 from low value commodities to high value specialties

1 like paper and paperboard?

2 A. They express that, yes.

3 Q. Are you familiar with the Woodbridge
4 Reed Report?

5 A. Reasonable so.

6 MR. CASTRILLI: Mr. Chairman, I would
7 like to make this the next exhibit.

8 THE CHAIRMAN: Exhibit 61.

9 MR. COSMAN: Mr. Chairman, I wonder if I
10 might, before my friend files that report, obtain some
11 direction from you in respect of this particular way of
12 entering expert evidence when the expert isn't here so
13 the party might cross-examine that expert as to the
14 weight or the truth or statements contained in the
15 report.

16 It may be admissible as hearsay and, in
17 that sense you might receive it, but at the same time,
18 is it seems quite - given the importance of this area
19 to the hearing, if someone wants to go through a back
20 door, file a report where parties are not given the
21 opportunity to challenge or cross-examine on the
22 report, it seems quite unfair at the same time.

23 I am just wondering if perhaps my friend
24 intends to call the author or is it just being filed as
25 a report that somebody did and we will not hear any

1 more from the author?

2 THE CHAIRMAN: I think you are going to
3 have to agree, Mr. Cosman, a hearing of this nature and
4 in many hearings before boards such as the
5 Environmental Assessment Board, it is literally
6 impossible to prove documents, such as reports, in the
7 normal fashion; that is, by calling the author of the
8 report, putting them in the box and having him
9 questioned on the report; there are just too many
10 reports, there are just too many documents that are
11 referred to in the course of developing an
12 Environmental Assessment, particularly one of this
13 extensiveness.

14 So that I cannot think of many hearings
15 where reports have not been admitted on the basis that
16 the author of that report was not before the Board.
17 The reports are routinely admitted, the Board will
18 place the appropriate weight on that report.

19 MR. COSMAN: Perhaps that's all. Am I to
20 understand that it can be admitted as hearsay.

21 THE CHAIRMAN: That's right.

22 MR. COSMAN: When a report is being
23 entered, not as I did or as other counsel did, to ask a
24 witness whether he agreed with a statement or not in
25 the report, and you have that evidence, but if somebody

1 else wrote a report: Here it is and then later wanted
2 to rely on what's in it but as long as the Board is
3 fully cognizant, and it is --

4 THE CHAIRMAN: I think the Board is
5 cognizant of the fact that the author of the report has
6 not been before Board, has not been subjected to having
7 the truth of the statements within the report
8 challenged and, consequently, the Board may not be
9 relying on the voracity of the statements in the report
10 but, nevertheless, the report is being used to elicit
11 the opinion of other experts on those statements.

12 Now, there are some categories of reports
13 where the Board - as has happened earlier today - has
14 indicated that it might itself be interested in hearing
15 from the authors of those specific reports at some
16 point because the Board itself might have some
17 questions of those authors on the statements made by
18 them in the reports.

19 We are certainly not going to do that
20 with every report that is filed; we may have a few
21 authors of reports appear before the Board.

22 So if that clears up your concern...

23 MR. COSMAN: It does, Mr. Chairman. We
24 will have to balance the hearsay statements in reports
25 with firsthand information of witnesses that are called

1 to testify before you and the evidence is tested.

2 THE CHAIRMAN: And pay attention, to some
3 extent, to the reasonableness of requiring parties to
4 call witnesses before the Board to author various
5 reports.

6 There are just too many reports and it
7 would be impossible to get them all here. I am sure
8 the expense of bringing them all here would not
9 justify, in most cases, what would come out of the
10 cross-examination anyway.

11 MR. COSMAN: I was just concerned, that
12 there is a difference between Mr. Kennedy in 1947, a
13 very historical report, and a document which has been
14 tendered as relevant to the issues here as being a
15 recent report. That's my point.

16 MR. CASTRILLI: I won't comment on
17 whether there is a distinction, I will just file the
18 document.

19 THE CHAIRMAN: Exhibit 61.

20 ---EXHIBIT NO. 61: The Woodbridge Reed and Associates
21 Report.

22 MR. FREIDIN: Perhaps, I am just
23 wondering whether Mr. Castrilli intends to be asking
24 Mr. Armson questions in terms of expert-type evidence
25 in relation to economics?

1 THE CHAIRMAN: I don't know.

2 MR. CASTRILLI: I will continue to just
3 deal with the matter I have been dealing with.

4 THE CHAIRMAN: The other thing, Mr.
5 Castrilli, is that if you are going to ask the witness
6 questions on a report, even though he might be familiar
7 with it, nonetheless, I think you should be afford him
8 an opportunity to consider the areas of the report that
9 you want to deal with, to some extent, before he
10 necessarily replies.

11 MR. CASTRILLI: Yes. Well, I previously
12 advised Mr. Freidin of the reports that I was going to
13 be making available -- dealing with through this
14 witness, at least those that he should know about in
15 advance, and this was one of them.

16 THE CHAIRMAN: You are in a position - I
17 know you do not know the questions yet - but you are in
18 a position of being familiar with this report?

19 THE WITNESS: Generally familiar. I am
20 not -- if there are specific areas, I haven't obviously
21 looked at that in any detail.

22 THE CHAIRMAN: What I am saying is: If
23 you require some time to familiarize yourself with the
24 report after hearing the specific question, then notify
25 the Board of it.

1 THE WITNESS: Yes, I will.

2 MS. SEABORN: Mr. Chairman, this report
3 is referred to in Exhibit 58 at page 6 which was the
4 summary report to do with the audit that Mr. Armson
5 admitted into evidence this morning.

6 MR. CASTRILLI: That's correct, Mr.
7 Chairman. I was going to raise that in a moment.

8 I presume, having referred to it in a
9 document he just filed this morning, Mr. Armson is
10 familiar with the report.

11 Q. Is that correct, Mr. Armson?

12 A. Generally familiar with it, yes.

13 Q. Mr. Armson, at page 63 --

14 MR. CASTRILLI: Mr. Chairman, this is
15 Exhibit 61?

16 THE CHAIRMAN: 61, that's correct.

17 MR. CASTRILLI: Q. Page 63 of Exhibit
18 61, Mr. Armson, you see there under the heading
19 Markets--

20 A. I do.

21 Q. --the proposition I put to you
22 earlier which you appeared to have disagreed with. Do
23 you want to reconsider your answer?

24 A. No. The statement there says that
25 one of the important factors to consider in developing,

1 if you are developing a market strategy - and I would
2 presume this would be in industry -- is to recognize
3 what is taking place and that it identifies a shift
4 from low value commodities to high value specialties.
5 I don't disagree with the statement.

6 Q. It says the single most important
7 factor. Do you agree it is the single most or perhaps
8 the single most?

9 A. I am not involved in market
10 strategies. I would think it is a very important one.
11 I can't attest to whether it is the single most
12 important. It would certainly be important.

13 Q. Can you confirm for me that there are
14 a variety of value added opportunities that have
15 developed in British Columbia and the United States
16 south that have been not developed in Ontario?

17 A. I am aware of that from papers and
18 discussions and so on in general terms.

19 Q. Would you also be aware of that from
20 this report?

21 A. This report refers to some of those
22 developments, I believe, if I recall.

23 Q. Would you agree that this
24 opportunity, for example, with respect to
25 mechanically-stressed lumber has been missed by Ontario

1 mills while British Columbia mills have been servicing
2 Ontario?

3 A. To that degree, I am not competent to
4 discuss the details of whether mechanically stressing
5 lumber is something that's not -- certainly I am not
6 familiar with it. The dimensions of lumber produced in
7 British Columbia are, for the most part, quite
8 different from those produced in Ontario.

9 Q. I will refer you to page 69 of
10 Exhibit 61, the second paragraph. The propositions
11 that I have just put to you are in fact the
12 propositions we see on that page; do we not?

13 A. Which particular paragraph or is that
14 the whole page? Is it the second paragraph?

15 Q. I am sorry, I said paragraph 2.

16 A. Paragraph 2. It is a statement. I
17 am not, as I say, competent to judge whether the mills
18 in British Columbia that produce mechanically-stressed
19 rated lumber, whether that process is suitable to
20 production of lumber in this province.

21 Q. As you can see in that paragraph and
22 also in the following paragraph 3, that these are
23 opportunities that the authors -- the Woodbridge Reed
24 authors - by the way, who prepared this report for the
25 Ministry of Natural Resources - indicate have been

1 opportunities that have been so far missed by Ontario
2 mills; is that right?

3 A. That's their statement.

4 Q. They also indicate that to adopt a
5 new approach would represent a fundamental cultural
6 change by the industry. That is the last sentence in
7 the third paragraph. Do you see that?

8 A. Yes, that's their statement.

9 Q. Do you agree with that assessment?

10 A. I cannot either agree nor disagree.
11 As I indicated, whether the application of the
12 mechanically-stressed rated lumber to the saw milling
13 industry in Ontario is appropriate or not, I think
14 would be a matter for those in the saw milling industry
15 to be best able to answer.

16 Q. Let me suggest that contrary to your
17 paragraph 5(a) at page 22 of your evidence, in which
18 you seem to place an emphasis on industry response to
19 the market and physical access to timber being of major
20 importance, would you not agree with me that Ontario's
21 forest products industry is outdated, inefficient and
22 has missed opportunities with respect to market demand;
23 the very issue you were dealing with in paragraph 5(a)?

24 A. No, I could not agree. To the best
25 my knowledge, that it is outdated in that fashion.

1 Q. I refer you to page 80 of Exhibit 61,
2 the first paragraph.

3 A. This is 80 of this document?

4 Q. Of Exhibit 61, yes, the Woodbridge
5 Reed Report.

6 A. That was the statement and the
7 conclusion reached by the author.

8 Q. Thank you. And that is their
9 conclusion, and would you agree that that is of major
10 importance to the industry and of major importance?

11 A. That the conclusion is of major
12 importance to the industry?

13 Q. Do you not agree or do you agree?

14 A. It is not a question of -- it is a
15 statement that is there. As I have indicated, Mr.
16 Chairman, I am not competent to judge to the degree to
17 which certain technologies would render the industry
18 less outdated or outmoded. I am generally familiar
19 with some of these technologies, but...

20 Q. But you were competent to write
21 paragraph 5(a) and deal with the issue of market
22 demand?

23 A. I think that the paragraph 5(a), if I
24 may, is a statement that is general and says that the
25 forest products industry, but I think the statement is

1 one that would substitute other industries.

2 The statement as it stands would be
3 generally true; an industry is there to produce
4 products which go to the marketplace. If there is a
5 marketplace, then the industry stays in business.

6 Q. We are talking about this industry
7 and Woodbridge Reed seems to be dealing with the same
8 issue that you are dealing with and they seem not to
9 agree with you. True or false?

10 A. I don't know whether they -- I don't
11 know whether Woodbridge Reed read my statement, so I
12 don't know whether they agree or do not agree with it.

13 Q. Well, they are dealing with the same
14 concepts and they are coming to different conclusions;
15 are they not?

16 A. No, I had made no statement with
17 regard to the efficiency or outdatedness or otherwise
18 of the industry. I said that the development of the
19 industry takes place in response to market places. I
20 didn't deal with how efficiently it does that or
21 inefficiently.

22 Q. Let's move on to paragraph 5(e) of
23 your evidence. You note there the ability to engage in
24 effective management planning requires definition of
25 lands areas - and you went into this in some detail

1 during the course of your examination-in-chief - and a
2 description and inventory of the resource, timber
3 resource; is that correct?

4 A. That's correct.

5 MR. CASTRILLI: Mr. Chairman, you were
6 talking about stopping at 5:30. I am about to embark
7 on a fairly -- clearly a new area and it is fairly
8 long. I am wondering whether this would not be an
9 appropriate time to stop?

10 THE CHAIRMAN: It probably would. You
11 might as well pick this up tomorrow morning after the
12 morning discussion.

13 MR. FREIDIN: The morning discussions may
14 include site visits.

15 THE CHAIRMAN: That's right.

16 MR. FREIDIN: I will have to speak to Ms.
17 Murphy.

18 THE CHAIRMAN: I think, Mr. Castrilli, in
19 fairness, we want to get some of these issues out of
20 the road. We are going to start off with the
21 evidence-in-chief issues, we will then move to the site
22 visit discussion.

23 If we have any time after that, we will
24 come back to you and you can start.

25 MR. CASTRILLI: Really. So you believe

1 we might be several hours.

2 THE CHAIRMAN: I have no idea who wants
3 to speak tomorrow. Let's just canvass the counsel
4 here.

5 Who is going to respond to the Board's
6 proposal tomorrow? Mr. Cosman, Mr. Freidin, Mr.
7 Castrilli, Ms. Seaborn, Mr. Williams.

8 It looks like we have got a full house
9 with respect to counsel. Anybody else may wish to
10 respond as well, and the Board will respond.

11 MR. CASTRILLI: I guess we are never
12 leaving.

13 THE CHAIRMAN: It may take a while.

14 MR. CASTRILLI: All right.

15 THE CHAIRMAN: In any event, we will see
16 you tomorrow morning. We will start tomorrow at 9:30.

17 MR. CASTRILLI: Is that 9:30 or...?

18 THE CHAIRMAN: Oh, sorry, 8:30.

19 MR. CASTRILLI: 8:30.

20 THE CHAIRMAN: Everybody get a good
21 sleep.

22 ---Whereupon the hearing adjourned at 5:30 p.m., to
23 reconvene on Thursday, June 9th, 1988, commencing at
24 8:30 a.m.

25 (Copyright, 1985)

E R R A T A

<u>Page No.</u>	<u>Reference</u>
(v)	Exhibit 58A - please read: "Exhibit 57B".

